Contract No.NS1-CON-2022-024

KARIN KOMERC MD DOO
Br. 01 22021865
Dana 08.08.2022
VETERNIK, NOVI SAD

Civil and Track Construction (Lot NS-I) Project for Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia)

Engineering Construction

Subcontract

Contractor:

KARIN KOMERC MD d.o.o. Veternik

Subcontractor:

EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS

Signed in: Novi Sad

Part I Contract Agreement

Contractor (full name): KARIN KOMERC MD d.o.o. Veternik

Subcontractor (full name): EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS

In accordance with the relevant Serbian laws and in the principles of equality, voluntariness, fairness, and good faith, both parties have reached an agreement as follows through consultation on the construction of Works within the range of a total length: Km112+982.71 to Km114+100.00 , of the Civil and Track Construction (Lot NS-I) Project for Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia).

I. Overview of the Works

1. Name of the Civil and Track Engineering (Lot NS-I) Subcontract: Civil and Track Construction (Lot NS-I) Project for Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia).

2. Name of the Works of this Contract: Works within the range of a total length: Km112+982.71 to Km114+100.00 of Civil and Track Construction (Lot NS-I) Project for Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia).

3. Location of the Works: Serbia.

4. Scope of the Works: All the construction works set forth in the WSD, Subcontractor"s Offer and construction drawings such as Substructure

II. Time for Completion

The planned commencement date shall be subject to a notice from Contractor.

Time for Completion: 16 calendar months

During the Time for Completion of the Works, delays that may affect the Time for Completion caused by Serbian legal holidays, various weather reasons, traffic control, and site status have been taken into consideration when the Contract Price was determined. Subcontractor is not entitled to claim for the Time for Completion and associated cost for such reasons.

III. Quality Standards

The quality of the Works shall conform to the quality standards as specified in the Civil and Track Engineering (Lot NS-I) Subcontract as well as to the standards of the Technical Specification for Interoperability (TSI).

IV. Contract Price and its Type

1. The Contract is a fixed lump-sum price contract. The Contract Price is USD 9.957.882,00 (tax-exclusive) (in words: NINE MILLION NINE HUNDRED FIFTY SEVEN THOUSAND EIGHT HUNDRED EIGHTY TWO DOLLARS).

On Contract price shall be applied additional discount in amount of 2% (in words: two percent), so the final Contract price is USD 9.758.724,36 (tax-exclusive) (in words: NINE MILLION SEVEN HUNDRED FIFTY EIGHT THOUSAND SEVEN HUNDRED TWENTY FOUR and 36/100 DOLLARS). VAT shall be calculated according to the Serbian VAT law.

Additional discount shall be expressed in every Interim Payment Certificate and in Final Payment Certificate.

V. Composition of Contract Documents

The documents constituting the Contract shall be mutually explanatory. Priorities for explaining contract documents are as follows:

(1) The Contract Agreement and its annexes;

(2) The Contract terms;

(3) Bidding documents and its clarifications & supplements;

(4) Technical Standards and Requirements;

(5) Drawings;

(6) the Civil and Track Engineering (Lot NS-I) Subcontract

(7) Commercial Contract;

(8) Other contract documents.

The above Contract documents include the supplementation and amendment thereto made by the parties hereto and to be made during the performance of this Contract. For documents in the same category, the one signed later shall prevail.

Other documents forming an integral part of the Contract include, without limitation, the relevant rules and regulations and other normative documents formulated by the Contractor for the implementation of contract management.

VI. Applicable Laws and Regulations

1. Compliance with laws and regulations

During the implementation of the Contract, both parties shall comply with the laws and administrative regulations promulgated by the Serbian government, as well as all rules and regulations issued by Contractor for management.

2. Prevention of bribery and unfair competition

In order to facilitate the smooth implementation and proper performance of the Contract, neither party shall ask for, accept, provide or give from or to the other party or the other party's managers or other relevant personnel any benefits other than those agreed upon herein, including but not limited to explicit and hidden rebates, cash, shopping cards, physical goods, negotiable securities, travel or other non-material benefits. Both parties shall strictly prohibit their own managers from engaging in any commercial bribery. Where one party or its manager causes losses to the other party due to its violation of the above provisions, such party shall be liable for damages.

VII. Undertakings

1. The Subcontractor undertakes to complete the construction of the Works in accordance with the laws and the Contract and to perform its obligations of the contracted Works during the Defect Notification Period and Warranty Period.

2. The Subcontractor undertakes to perform all obligations of the Contract hereunder in connection to the contracted Works, except those expressly agreed herein to be performed by the Contractor. The Subcontractor undertakes to be jointly and severally liable with the Contractor to the General Contractor for the quality and safety of the contracted Works.

VIII. Miscellaneous

1. The Articles in the Agreement shall have the same meanings as given in Part II Contract terms.

2. The Agreement is signed in Novi Sad, Serbia on 27.07.2022., and shall come into force after being signed by representatives of both parties. The Agreement is made in 6 copies having the same legal effect, with 4 copies held by the Contractor and 2 copies held by the Subcontractor.

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Contractor: (official seal)

Legal representative or its authorized agent:

(Signature)

Organization code: 20009233

Address: Živorada Petrovića 8

Postal Code: 21203

Legal Representative: Krste Dubroja

Authorized agent: _____

Tel.:+38121823800

TIN.: 103726184

E-mail elektronskaposta@karinmd.com

Bank of Deposit: _____

Account:□□□□□□□□

Subcontractor: (official seal)

Legal representative or its authorized agent:

(Signature)

Organization code: 20330279

Address: Maršala Tita 56

Postal Code: 21460

Legal Representative: Marko Sokanović

Authorized agent:

Tel.: +38125720701

TIN.:105171908

E-mail: office@extraautotransport.com

Bank of Deposit:

Account:□□□□□□□□

Part II Contract Terms

Whereas:

The contracting parties agree that the contractor on July 1, 2022. signed the Civil and Track Construction (Lot NS-I) Project for Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia), Engineering Construction Subcontract (hereinafter: Main contract), with the company CHINA CIVIL ENGINEERING CONSTRUCTION CORPORATION BALKAN (Belgrade branch) (hereinafter: CCECC), filed under the contractor's business number 01/220017715, and filed under the CCECC business number NSI-CON-2022-024, Party A is authorized to perform construction and track work on the Novi Sad-Subotica-State border (Kelebija) section of the modernization and reconstruction project of the Serbian section of the Hungarian-Serbian cross-border railway under the contract in question, and that the Main contract has been submitted to the Subcontractor by the Contractor for familiarization with its content and application of its provisions, i.e. that the Subcontractor is fully aware of the content of the Main contract. In accordance with the above, the contracting parties agree that the corresponding provisions of the Main contract will be applied to all rights and obligations that are not specifically regulated by this Subcontract, according to the principle: ***"back to back".***

After amicable negotiations, the Parties entered into a subcontract in Novi Sad on 27.07.2022. (hereinafter referred to as the "Subcontract"). The terms and conditions of the Contract are as follows for mutual compliance.

Party A:

KARIN KOMERC MD DOO VETERNIK duly incorporated pursuant to the law of Republic of Serbia for the company, having its registered office and principal place of business at Živorada Petrovića 8, Veternik, Serbia, registration no:20009233, TIN no:103726184, represented by Krste Dubroja, General Manager (hereinafter also referred to as: "**Party A**")

And

Party B:

EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS, duly incorporated pursuant to the law of Republic of Serbia for the company, having its registered office and principal place of business at Maršala Tita Street no. 56, registration number 20330279, TIN 105171908, represented by director Marko Sokanović (hereinafter also referred to as: "Party B")

Party B's account: _____

General

1.1 Definitions, explanations and descriptions

1.1.1 Contract parties and personnel

1.1.1.1 Contract party: refers to the Contractor and/or the Subcontractor.

1.1.1.2 Contractor: refers to Party A, **KARIN KOMERC MD DOO VETERNIK** and its legal successors.

1.1.1.3 Contractor's Representative: refers to the person in full charge of the Works Management Team established by the Contractor.

1.1.1.4 Subcontractor: refers to Party B, **EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS** and its legal successors undertaking the construction and services of the civil and track engineering in the contract subject matter of the Works.

1.1.1.5 Subcontractor's Representative: refers to the manager of the Works Management Department established by the Subcontractor to complete the subcontracted tasks, who is the person in full charge of and resident full time at the Site approved by both the Contractor and Contractor's Representative.

1.1.1.6 Subcontractor's personnel: refers to Subcontractor's Representative and all project participants assigned by the Subcontractor for the Site, including domestic and foreign employees, as well as all other employees assisting the Subcontractor during the construction.

1.1.1.7 Service Provider: refers to the supplier of materials, equipment and other services for the Subcontractor.

1.1.1.8 Investor: refers to Railway Infrastructure Serbia Co., Ltd. and "Ministry of Construction, Transport and Infrastructure" of Government of the Republic of Serbia and their successors.

1.1.1.9 Supervisor: refers to the legal entity or other organization appointed by the Investor to supervise and manage the Contractor's performance of Commercial Contract. The Subcontractor will be notified about who will be the Supervisor after the Investor appoints it.

1.1.1.10 Chief Supervising Engineer: refers to the person in full charge appointed by the Supervisor to be resident at the construction Site to supervise and manage the Project.

1.1.1.11 Supervising Engineer: refers to the person appointed by the Investor as the Supervising Engineer, or any other person appointed from time to time by the Investor and notified to the General Contractor, and has the same meaning as the "Supervisor" in the Contract and the same meaning as the "Engineer" in the Commercial Contract.

1.1.1.12 Design Subcontractor: refers to Consortium of China Railway Design Corporation & Institute of Transportation CIP.

1.1.1.13 Announced Body: refers to third-party bodies through which the Investor conducts compliance certification to EU directives in accordance with relevant laws and regulations during the implementation of the Project in order to make the construction of the Project meet the basic requirements of EU railways.

1.1.1.14 Announced Body's Representative: refers to the person in full charge of independent project evaluation and certification sent by Announced Body.

1.1.1.15 General Contractor: refers to Joint Venture of China Railway International Co., Ltd. & China Communications Construction Company Ltd.

1.1.2 Contracts

1.1.2.1 Commercial Contract: refers to the Commercial Contract and annexes/appendixes on Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia for Section Novi Sad-Subotica-Border (Kelebia) (hereinafter referred to as the Project) signed by General Contractor and the Investor on July 7, 2018, as well as all relevant documents such as supplementary agreements, changes and claims signed among them during construction.

1.1.2.2 Subject matter of the Contract: refers to the service, purchase, construction, supply and installation of all the elements necessary for the reconstruction of the Works, as well as all the tests, technical inspection procedures, and certification work required to pass the interoperability certification. The reconstruction of the existing track and the construction of the newly-added second track shall enable the reconstructed double-track electrified railway to meet the passenger & freight transportation needs, with the speed increased to 200 km/h, and meet the requirements of European railway interoperability. During the execution of all agreed services and work, the laws and regulations of the Republic of Serbia must be observed.

1.1.2.3 The Contract: refers to the subcontract signed by both the Contractor and the Subcontractor for the construction and service of the (Km112+982.71 to Km114+100.00) civil representing the Works, as well as all relevant documents of the Contract such as supplementary agreements and changes signed by both parties during construction.

1.1.2.4 Contract documents (or Contract): refers to the Contract and its annexes/appendixes, bidding documents and its clarifications & supplements (if any), Technical Standards and Requirements, drawings, the Civil and Track Engineering (Lot NS-I) Subcontract, Commercial Contract and other contract documents.

1.1.2.5 Working Scope with Descriptions (WSD): refers to Appendix 1. The Contract is a fixed lump-sum contract, not a unit price contract. Therefore, the WSD is only used to describe the scope of the Works and not used as a basis for measurement. Work items that must be completed but not written in the WSD

are deemed to have been included in other items in the WSD, such as, for example, subsoil replacement and anything else necessary for the operation, function and interoperability of the railway.

1.1.2.6 Table of Prices: refers to Appendix 2 of the Contract agreed by both parties, forming part of the Contract, which is prepared on the basis of the WSD, the fixed lump-sum price of this Contract and the table of prices specified in the Civil and Track Engineering (Lot NS-I) Subcontract, and is the basis for the measurement and payment of the Contract, as well as the subsequent adjustment to Appendix 2.

1.1.2.7 Technical Standards and Requirements: refers to the engineering construction standards and specifications as agreed in the Commercial Contract and the Civil and Track Engineering (Lot NS-I) Subcontract, including any modifications or supplements to the aforesaid standards and specifications confirmed by the Investor (including the Supervisor and the Announced Body), the General Contractor and the Contractor.

1.1.2.8 Technical Specification for Interoperability (TSI): It requires that each sub-system or sub-system constituents of EU railways shall realize interoperability and meet the "basic requirements". Any railway interoperability constituents (ICs) that enter EU or countries that observe TSI must pass the EU directive compliance certification in accordance with the requirements of TSI; otherwise, they are not eligible for access and cannot be sold to EU or countries that observe TSI. The "basic requirements" are summarized as: safety, reliability, availability, health, environmental protection, technical compatibility and accessibility.

1.1.2.9 Drawings: refers to all valid construction drawing, design documents, drawings and technical data provided by the General Contractor to the Contractor and the Contractor to the Subcontractor for the construction of the Works, as well as any supplementary and modified drawings, including supporting instructions.

1.1.2.10 Other contract documents: refers to other documents that constitute part of the Contract confirmed by both parties.

1.1.3 Works and equipment

1.1.3.1 Works: refers to Permanent Works and/or Temporary Works.

1.1.3.2 Permanent Works: refers to the works, including but not limited to Engineering Equipment, constructed in accordance with the Contract and handed over to the Investor.

1.1.3.3 Temporary Works: refers to all kinds of Temporary Works constructed to complete the Permanent Works agreed upon in the Contract, excluding Construction Equipment.

1.1.3.4 Engineering Equipment: refers to mechanical and electrical equipment, metal structure equipment, instrumentation and other similar equipment and installations forming or intended to form part of the Permanent Works.

1.1.3.5 Construction Equipment: refers to the equipment, apparatuses and other articles used to complete the works agreed in the Contract, excluding Temporary Works and materials.

1.1.3.6 Materials: refers to all things of any nature (other than equipment) which form part of the Permanent Works, including but not limited to pure supply materials provided by the Contractor under the Contract (see Appendix 3).

1.1.3.7 Temporary Facilities: refers to temporary production and living facilities provided for the completion of the work agreed in the Contract.

1.1.3.8 Subcontractor's Equipment: refers to all apparatuses, equipment, machinery, vehicles, spare parts, instruments and articles of any nature required for the implementation and completion of the Permanent Works and the repair of defects of the Permanent Works, excluding equipment, materials or other articles that are part of the Permanent Works.

1.1.3.9 Construction Site (or Permanent Site): refers to the Site used for the construction of the Permanent Works from Permanent Sites, i.e. refers to all permanently occupied land required for the construction of the Works, including the Sites on both sides of the railway within the right of way.

1.1.3.10 Temporary Site: refers to the land occupied by all Temporary Works, Temporary Facilities, underground pipelines and borrow pits & disposal areas/landfill required for the construction of the Works to be obtained by Subcontractor.

1.1.3.11 Site: refers to construction Site and temporary Site.

1.1.4 Dates

1.1.4.1 Notice of Commencement: refers to the letter from the Contractor notifying the Subcontractor of the commencement of works.

1.1.4.2 Commencement Date: refers to the Commencement Date stated in the Notice of Commencement issued by the Contractor.

1.1.4.3 Time for Completion: refers to the time period required to complete the Project specified in the Contract, including changes made in accordance with Clause 11.

1.1.4.4 Completion Date: refers to the planned date on which the Subcontractor has completed all works under the Contract, including obtaining conforming test results upon completion and completing all work required for handover in accordance with relevant regulations on project handover. The actual completion date is subject to the date stated in the Taking Over Certificate.

1.1.4.5 Defects Notification Period: refers to the time period for fulfilling the defects liability agreed in Clause 21, including its extension based on Clause 21.

1.1.4.6 Warranty Period: refers to the time period for fulfilling the Quality Warranty Liability in Clause 21, including its extension based on Clause 21.

1.1.4.7 Base date: refers to the date of signing this Contract.

1.1.4.8 Day: refers to the calendar day unless otherwise specified. If the time is calculated by day in the Contract, it will not be counted from the day it starts, but from the next day. The deadline for the last day of the deadline is 24:00 on that day.

1.1.5 Contract price and expenses

1.1.5.1 Accepted Contract Price: refers to the total contract amount awarded to the Subcontractor, covering all costs required by the Subcontractor to complete the Contract, including but not limited to construction direct cost, construction indirect cost, management fee, profits, risk cost, safety and health cost, test cost, survey cost, borrow pit opening and rehabilitation cost, landfill leasing and rehabilitation cost, access road construction and repair cost, local road repair cost, temporary traffic regulation cost, transition project cost, etc.

1.1.5.2 Contract Price: refers to the amount payable by the Contractor to the Subcontractor after the Subcontractor has completed all the contracted works including those in the Defects Notification Period as agreed in the Contract, including the changes and adjustments made according to the Contract during the performance of the Contract.

1.1.5.3 Cost: refers to all reasonable cost incurred or to be incurred for the performance of the Contract, including management fee and other cost to be borne, but excluding profits.

1.1.5.4 Quality Warranty Liability: refers to the Subcontractor's activities to repair the quality defects of the Works within the warranty scope under normal maintenance and use conditions during the warranty period from the date of issuing the Taking Over Certificate.

1.1.5.5 Retention Money: refers to the amount used to ensure the remedy of defect liabilities within the Defects Notification Period in accordance with Article 21.

1.1.6 **Purchase and transportation**

1.1.6.1 Purchase: refers to "purchase and lease" of materials carried out under the Works, collectively referred to as "Purchase", unless otherwise specified.

1.1.6.2 Transportation: refers to the use of various means of transportation to complete the purchase of materials, the transportation to the Permanent/Temporary Site, the transportation of materials on the Permanent/Temporary Site, and the transportation of materials for re-export.

1.1.7 **Customs and clearance**

1.1.7.1 Customs: refers to the customs and relevant government departments and agencies of the importing (re-exporting), exporting and transit countries, unless otherwise specified.

1.1.7.2 Clearance: refers to the procedures, affairs and documents involved in the customs clearance of import (re-export), export and transit handled by relevant government departments and agencies in the importing (re-exporting), exporting and transit countries, unless otherwise specified.

1.1.7.3 Re-export: refers to re-export from Serbia to the original exporting country or other countries after the completion of the Works and the withdrawal of the original imported materials, unless otherwise specified.

1.1.7.4 The equipment and accessories temporarily imported outside the territory (Serbia) for carrying out the work specified in the Contract shall be returned to the exporting country within the deadline specified in such temporary import license documents.

1.1.8 Nonconforming materials: refers to the purchased materials in the following cases unless otherwise specified: their technical performance, parameters and functions failing to meet the requirements of design documents, technical standards and construction process, no relevant quality certificate to prove that their technical performance, parameters and functions meet the above requirements, or without the approval of the Investor, the Supervisor, Announced Body and other institutions.

1.1.9 Structural subsystem: refers to the subsystem defined in points 1, 2 and 3 of Article 6 of the Law on Railway Safety and Interoperability (Official Gazettes of the Republic of Serbia No. 104/2113, No. 66/2115 and No. 92/2115).

1.1.10 Others

Written form: refers to contract documents, letters, telegrams, faxes and other forms that can tangibly express the contents.

1.2 Languages

1.2.1 This Subcontract is drawn up in English and Serbian, with priority given to the English text.

1.2.2 English shall be the dominant language for explanation in case of any ambiguity arising from the use of more than one language in any part of the Contract documents. The necessary submission to the Investor or Government of the Republic of Serbia or the General Contractor shall be conducted as required by the Contractor.

1.3 The laws

The Contract shall be governed by the laws of the Republic of Serbia.

1.4 Priorities of contract documents

The documents constituting the Contract shall be mutually explanatory. Priorities for explaining contract documents are as follows:

(1) The Contract and its annexes/appendixes;

(2) Bidding documents and its clarifications & supplements;

(3) Technical Standards and Requirements;

(4) Drawings;

(5) the Civil and Track Engineering (Lot NS-I) Subcontract

(6) Commercial Contract;

(7) Other contract documents.

1.5 Drawings and Subcontractor's documents

1.5.1 Provision of drawings

The Contractor shall provide the Subcontractor with one set of drawings both in paper version and

electronic version within 2 working days after the Contractor receives the approved drawings, unless otherwise specified. The additional drawings required by the Subcontractor shall be provided by the Contractor at the Subcontractor's expense; and the Subcontractor shall not request or directly receive the drawings from the design organization.

In case of any inconsistency in the Chinese, English and Serbian versions of the design documents such as drawings provided by the Contractor, the English version shall prevail.

1.5.2 Subcontractor's documents

Subcontractor's documents, as agreed in the Contract, include but are not limited to construction management documents, method statement, major technical solution, certification and inspection, list of products or equipment, material management methods, and related required documents and methods, as-built design, as-built drawings, as-built documentation, etc. The Subcontractor shall submit these documents to the Contractor based on the agreed quantity and time limit, and the Contractor shall give the reply within 35 days.

1.5.3 Modification of drawings

The drawings to be modified shall be submitted to the Subcontractor in two working days after being received from the General Contractor, and the Subcontractor shall construct according to the modified drawings.

1.5.4 Errors in drawings

The Subcontractor shall inspect and check the design documents and drawings provided by the Contractor on Site. In case of any error, omission, ambiguity, inconsistency, conflict, inappropriateness or other defects in the design documents and drawings (including modified drawings) provided by the Contractor, the Subcontractor shall report them to the Contractor in written within 21 days after receiving the drawings. In case of failure to notify the Contractor in time, the Contractor shall not be liable for the defects in the drawings, and the Subcontractor shall be liable accordingly. The time for completion shall

not be extended, the Subcontractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim.

1.5.5 keeping of drawings and Subcontractor's documents

The Subcontractor shall keep a complete set of drawings and Subcontractor's documents containing the agreed contents of items 1.5.1, 1.5.2 and 1.5.3 at the construction Site.

1.6 Contact

1.6.1 All notices, approvals, confirmations, certificates, instructions, requirements, requests, consents, comments, determinations and decisions related to the Contract shall be in written form, and, all documents and all communication should be done by e-mail correspondence. The hereby contracting parties are obligated to confirm receiving of the above-mentioned subjected documents after receiving the same from other contracting party.

1.6.2 The notices, approvals, confirmations, certificates, instructions, requirements, requests, consents, comments, determinations and decisions in item 1.6.1 shall be delivered to the e- mail and confirmed by e-mail correspondence with no delay. In case the confirmation of the e-mail is missing, it will be considered that the recipient has duly received the e-mail on the day of sending. The Subcontractor is obligated to confirm with Contractor that the Contractor has received the subjected documents.

1.6.3 If the correspondence is in written form, it shall be delivered to the recipient by direct delivery, post office, courier company, official emails or agreed electronic transmission method (with return receipt); and shall be delivered or sent to the address of the recipient listed in the Contract. However, if the recipient informs another address, the correspondence shall be sent to that address in subsequent communication; the approval or consent document can be directly sent to the mailing address of the application document unless the recipient indicates another address in the application document requesting the approval or consent.

1.6.4 Approvals, confirmations, agreements and rule documents shall not be withheld or

unreasonably delayed. When issuing an approval document to one contract party, the issuing party shall send a copy to the other contract parties.

1.7 Transfer

Neither party may assign all or part of its contractual rights to a third party, nor transfer all or part of its contractual obligations without the consent of the other party, unless otherwise agreed in the contract.

1.8 No bribery

Neither party shall seek improper benefits or damage the rights and interests of the other party in the form of bribery or disguised bribery. If bribery causes losses to the other party, the briber shall compensate for the losses and bear corresponding legal liabilities.

1.9 Fossils and cultural relics

1.9.1 During geological exploration and other earthworks, if finding archaeological objects, ancient tombs or other objects of archaeological significance, the Subcontractor is obliged to immediately stop construction, protect the Site from damage or usurpation, and immediately notify the Contractor, who shall notify the General Contractor and the Investor.

All fossils, ancient coins, valuables, antiques and structures, and other geological or archaeological relics found at the construction Site shall be submitted by the Contractor to the General Contractor, who shall submit them to the Investor for safekeeping and disposal. The Subcontractor is obliged to take reasonable measures to prevent theft or damage by Subcontractor's personnel or others. In the process of the Subcontractor taking relevant measures according to the instructions of the local cultural relics authority and the Investor, if the Works is delayed or relevant costs are incurred, resulting in increased costs and/or construction delay, it shall be determined after negotiation between the Contractor, the General Contractor and the Investor. The Contractor shall (if necessary) include the Subcontractor in negotiations with the Main Contractor in all circumstances related to the execution of works, as well as delays in the execution of works (e.g. due to archaeological sites, geological structure of land, etc.) and

increased costs, as well as possible breach of contract deadlines due to these circumstances.

1.9.2 If failing to report in time or concealing the cultural relics after discovering them, resulting in the loss or damage of cultural relics, the Subcontractor shall compensate for the losses and bear corresponding legal liabilities.

1.10 Patented technologies

1.10.1 The Subcontractor shall be liable for infringement of patent rights or other intellectual property rights when using any materials, equipment provided by the Investor, Engineering Equipment or construction technology.

1.10.2 If the Subcontractor adopts patented technologies in the bid, the royalties of patented technologies shall be included in the accepted contract price.

1.10.3 Neither the Contractor nor the Supervisor shall disclose the Subcontractor's technical secrets and the data and information declared to be confidential for purposes other than the Contract.

1.11 Confidentiality of drawings and documents

1.11.1 Drawings and documents provided by the Contractor shall not be disclosed to others, published or quoted by the Subcontractor for any purpose other than the Contract without the prior consent of the Contractor.

1.11.2 Both the Contractor and the Subcontractor shall establish a confidentiality system based on the actual situation of the Project, sign a confidentiality agreement, and properly keep relevant drawings, documents and data without disclosing them in any form.

1.12 Explanations

1.12.1 The words indicating single gender in the Contract include all genders, unless otherwise specified;

1.12.1.1 The words indicating the singular include the plural, and the words indicating the plural also

include the singular;

1.12.1.2 Clauses containing consents, covenants, agreements, etc. are of a written nature;

1.12.1.3 Written refers to handwritten, typed, printed, or permanent electronic form like official emails;

1.12.2 Reference shall not be made to the contents written at the margin and headings during the interpretation of the rules and clauses of the Contract.

The words in the Contract have the same meanings as those specified in the Commercial Contract, unless otherwise specified or stated.

1.13 Acceptance, approval and recognition of both the Commercial Contract and the Civil and Track Engineering (Lot NS-I) Subcontract

The Subcontractor accepts, recognizes and approves each and all of the contents of both the Commercial Contract and the Civil and Track Engineering (Lot NS-I) Subcontract, including Time for Completion and technical requirements, and any contract, agreement, memorandum, or minutes reached between the Contractor and the General Contractor, the General Contractor and the Investor and/or the Investor's Representative during the implementation of the Project, as well as any other written instructions, orders or written documents of a similar nature containing the rights or obligations of either party or related to the Project.

The Subcontractor accepts and undertakes all the responsibilities and obligations under the Civil and Track Engineering (Lot NS-I) Subcontract undertaken by the Contractor in relation to the works to be completed by the Subcontractor under the Contract and its conditions and enjoys the corresponding rights (except those responsibilities and obligations undertaken by the Contractor specified in the Contract).

The Subcontractor shall cooperate with the Contractor to complete the Contractor's responsibilities and corresponding documents agreed in the Civil and Track Engineering (Lot NS-I) Subcontract.

The Contractor shall fully negotiate with the Subcontractor as far as possible before any contract, agreement, memorandum, or minutes reached between the Contractor and the General Contractor and/or the General Contractor's Representative during the implementation of the Project will form part of the Civil and Track Engineering (Lot NS-I) Subcontract. The Contractor has the right to make the final decision and is accountable to it.

If the Subcontractor believes that any agreement, contract or memorandum of understanding reached between the Contractor and the General Contractor and/or the General Contractor's Representative during the implementation of the Project has harmed its interests, the Subcontractor may handle this through Clause 25 [Claims] and Clause 26 [Settlement of disputes] of the Contract, without prejudice to the performance of the Contract.

If any matters related to any aspect of the Contract are not specified or unclear in the Contract, both parties shall perform their obligations based on the Civil and Track Engineering (Lot NS-I) Subcontract.

Both parties fully understand that there are clauses on change, suspension and termination in the Civil and Track Engineering (Lot NS-I) Subcontract. If the Civil and Track Engineering (Lot NS-I) Subcontract is modified, the Contract shall be modified accordingly to maintain mutual consistency. Each party guarantees to perform their respective obligations in accordance with the revised Contract and the revised Civil and Track Engineering (Lot NS-I) Subcontract.

2. Contractor's obligations

2.1 Compliance with the laws

The Contractor shall comply with the laws and regulations of the Republic of Serbia during the performance of the Contract and shall indemnify the Subcontractor against any liability arising from the Contractor's violation of the laws. The implementation of the Project shall be organized in accordance with the laws of the Republic of Serbia on planning and construction, and railway safety and interoperability, as well as the Technical Specification for Interoperability (TSI).

2.2 Communication of Notice of Commencement

The Contractor shall communicate the Notice of Commencement to the Subcontractor after receiving it from General Contractor.

2.3 Provision of the construction Site

The Contractor shall provide the Subcontractor the data in the Contractor's possession relating to the Permanent Site and its underground pipelines & facilities as soon as possible upon receipt, with the assistance of the Subcontractor. The Subcontractor shall be responsible for the investigation and relocation data of the temporary Site and its underground pipelines & facilities, with the assistance of the Investor, the General Contractor and the Contractor. The provision of relevant data by the Contractor shall not exempt the Subcontractor from its responsibility to investigate the Site, underground pipelines & facilities by itself.

2.4 Assistance to the Subcontractor in handling licenses and approvals

The Contractor shall (if he is in a position to do so) provide reasonable assistance to the Subcontractor at the request of the Subcontractor in applying for, any approvals and/or certificates of the Works required by laws, and solving external problems that may interfere with the construction of the Subcontractor at the Subcontractor's expense.

2.5 Organization of design disclosure

The Contractor shall organize the Subcontractor to communicate and discuss the design, technology and construction with the General Contractor and the Investor, and invite the Subcontractor to participate in the design and implementation meetings of the engineering interfaces organized by the General Contractor and the Investor.

2.6 Payment

Upon receipt of the payment paid by the General Contractor, the Contractor shall make the associated

payment in time to the Subcontractor within the time limit and in the manner agreed herein.

2.7 Cooperation with the Investor in organizing acceptance inspection

(1) Delivery acceptance: The Contractor shall assist the Supervisor in timely acceptance of the Subcontractor's completed works as agreed herein, and organize work handover between the Subcontractor and other subcontractors.

(2) Completion acceptance: Assist the Contractor, the General Contractor and the Investor to accept all the works of the Works completed by the Subcontractor according to the Commercial Contract.

2.8 Arrangement of insurances

In accordance with the Serbian laws and regulations and with the consent of the Subcontractor, the General Contractor shall coordinate the Contractor's all-risks-insurance covering the Subcontractor, the third-party liability insurance, and the insurance against injury to persons and damage to property in a unified way, and shall submit them to the Investor. The Subcontractor shall not bear the insurance premium uniformly handled by the General Contractor as specified in Clause 22.1. The Subcontractor shall sign contracts for the equipment insurance, the automobile civil liability insurance, the personnel insurance and other insurances related to the Works under the guidance of the Contractor, and the relevant costs shall be borne by the Subcontractor.

2.9 Supervision and inspection on the Subcontractor's performance of the Contract

The Contractor, the General Contractor and the Supervisor shall supervise and inspect the progress, quality and safety of the Works implementation conducted by the Subcontractor at any time. The supervision and inspection conducted by the Contractor, the General Contractor and the Supervisor shall not relieve the Subcontractor of its responsibility for the subcontracted works completed in accordance with the Contract. The Contractor has the right to require the Subcontractor to rectify or rework its substandard or nonconforming works, or require the Subcontractor to replace nonconforming materials and equipment, or inform the Subcontractor about the unqualified or incompetent Subcontractor's

personnel, including the Subcontractor's Representative. The Contractor has the right to inform the Subcontractor in writing about the misconduct of certain members of his personnel with an explanation and description which reflects his misconduct. The Subcontractor should ensure the good conduct of the worker to whom the written notice relates. In the event that the Contractor twice submits to the Subcontractor a written notice relating to the same person in two calendar months in a row, the Subcontractor shall replace the employee to whom the written notice of the Contractor relates within 7 days.

2.10 Assistance to the Subcontractor in related work

(1) Coordinate the engineering connection and cooperation between the Subcontractor and other subcontractors, so that the Subcontractor and other subcontractors can carry out the construction operations smoothly in accordance with the approved design and construction schemes.

(2) Coordinate and handle conflicts and disputes between the Subcontractor and other subcontractors in the completion of work related to the Project. Resolve problems between subcontractors that may affect the performance of the Subcontractor's obligations under the Contract.

2.11 Organization of technical training and scientific research

(1) The Contractor shall organize the Subcontractor to prepare the project training program according to the project objectives, and invite relevant experts to train the Subcontractor in a targeted manner.

(2) The Contractor shall organize the Subcontractor to fully participate in the scientific research in terms of new technologies, new processes and construction methods of the Project. The Subcontractor can publish related achievements individually or together with others, which must be approved by the Contractor in advance.

2.12 Purchase of relevant equipment and materials

Formulate the material & equipment purchase plan based on the construction schedule, conduct relevant business investigation, and purchase materials and equipment according to legal requirements.

2.13 Emergency purchase

For materials, equipment and other supplies that shall be purchased by the Subcontractor, if the Subcontractor's purchase plan and/or purchase progress fails to meet the actual needs of the Project, the Contractor has the right to purchase such materials and equipment that affect the construction progress of the Project. The materials & equipment cost, logistics cost, customs clearance cost and other related service costs incurred for the completion of emergency purchase shall be borne by the Subcontractor. The emergency purchase shall be performed in accordance with Contractor's arrangements.

2.14 Other obligations

2.14.1 According to relevant regulations and based on the actual situation of the Project, the Contractor shall put forward the general plan for the implementation of standardized management, specify standardized management standards for the Subcontractor, and check and assess the Subcontractor' implementation of on-Site standardized management.

2.14.2 The Subcontractor shall submit all the necessary documents, certificates, etc. at the request of the Contractor.

2.14.3 The Contractor shall inspect the production safety facilities (including but not limited to camps on site or batching plant and other similar facilities to assist construction of the Works if any) of the Subcontractor and instruct the Subcontractor if necessary to improve the production safety measures so as to meet the needs of production safety.

2.14.4 During the implementation of the Works, the Contractor may carry out incentive & constraint performance appraisal and credit evaluation activities for the Subcontractor in accordance with the current regulations of China State Railway Group Co., Ltd., specifically implemented in accordance with the relevant management measures issued by the Contractor.

2.14.5 The Contractor shall have all rights of both the Supervisor and the General Contractor as agreed under the Contract.

3. Supervisor and General Contractor

3.1 Duties and powers of both the Supervisor and the General Contractor

Entrusted by the Investor, the Supervisor is the third-party project manager employed by the Investor and also applies to the Contractor's management of the Subcontractor. The rights and obligations of the Supervisor are specified in the Commercial Contract.

The obligations and responsibilities of the Subcontractor under the Contract shall not be relieved or released due to the review or approval of the Subcontractor's documents by the Supervisor, the General Contractor or the Contractor, or the inspection and test of the Works, materials and equipment, or the instructions made by the Contractor for the implementation of the supervision.

Neither the Supervisor nor the General Contractor is a party to the Contract, so the Contract shall not be binding on the Supervisor or the General Contractor. If the Supervisor or the General Contractor fails to perform relevant clauses of the Contract, the Subcontractor has no right to claim against the Supervisor or the General Contractor in accordance with the Contract, nor it has the right to claim against the Contractor accordingly.

3.2 Chief Supervising Engineer

The Contractor shall promptly inform the Subcontractor of the appointment of the Chief Supervising Engineer.

3.3 Supervising personnel

3.3.1 The Chief Supervising Engineer authorizes other supervising personnel to perform one or more supervising tasks assigned by him. The Contractor shall inform the Subcontractor of the supervising personnel's name and scope of supervision authorized by the Chief Supervising Engineer. Instructions issued by the authorized supervising personnel within the scope of authorization shall be deemed to have been approved by the Chief Supervising Engineer and shall have the same effect as those issued by the Chief Supervising Engineer. The Contractor shall promptly notify the Subcontractor of the decision of the

Chief Supervising Engineer to revoke an authorization. Instructions issued by others are not binding.

3.4 Instructions of the Supervisor and the General Contractor

3.4.1 The Subcontractor shall comply with the instructions of the Supervisor and the General Contractor forwarded by the Contractor.

3.4.2 In case of emergency, the Chief Supervising Engineer or authorized supervising personnel may issue provisional written instructions on the spot, which shall be observed by the Subcontractor. The Subcontractor shall, within 20 hours of receipt of such provisional written instructions, send a written confirmation letter through the Contractor to the General Contractor and then to the Supervisor. If the Subcontractor fails to send a written confirmation letter through the Contractor to the General Contractor within the defined period, the Time for Completion shall not be extended, the Contractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim.

3.4.3 Approval, control, confirmation, consent, inspection, explanation, notice, proposal, instruction, request, inspection or similar actions (including no objection) of the Supervisor, the General Contractor, or the Contractor shall not relieve the Subcontractor of its any kind of Contractual liability. In order to avoid any doubts, If the Supervisor, the General Contractor, or the Contractor give approval, control, confirmation, consent, inspection, explanation, notice, proposal, instruction, request, inspection or similar actions (including no objection) which don't follow professional standards or/are negligent, the Subcontractor should not be responsible, unless the Subcontractor also is not professional or/and negligent.

4. Announced Body

4.1 Announced Body

4.1.1 The Announced Body refers to third-party bodies appointed by the Investor in accordance with the railway safety and interoperability laws to evaluate the compliance and qualifications of the use of the interoperability factors of the structural subsystems of the Project, including: the Notified Body (NoBo),

which mainly verifies whether the Project meets the requirements of the *Technical Specification for Interoperability (TSI)* and relevant directives; the Designated Body (DeBo), which mainly verifies whether the Project meets the requirements of the *Notified National Technical Rule (NNTR)*; and the Assessment Body (AsBo), which is the designated independent party to assess whether effective safety risk control measures have been taken during the construction of the Project, and determine whether the Project complies with the CSM-REA regulations, and finally issue a safety assessment report.

4.1.2 The Announced Body is not a party to the Contract, so the Contract shall not be binding on the Announced Body. If the Announced Body fails to perform the relevant clauses in the Contract, the Subcontractor has no right to claim against the Announced Body in accordance with the Contract, nor it has the right to claim against the Contractor accordingly.

4.2 Services

4.2.1 The Announced Body shall conduct the final test of the subsystem during the building permit design & construction drawing design stage, and the structural subsystem construction stage, especially including engineering construction, installed materials and equipment, assembly of components, calibration & verification and interoperability of the structural subsystem.

4.2.2 The Announced Body shall prepare relevant technical documents and attach them to the verification statement of structural subsystem. These technical documents include data related to the performance of structural subsystem, service conditions, restrictions, system calibration & maintenance instructions, and all documents required to verify interoperability compliance. This article will be considered excluded in case there is no need for its application in practice. But in case there is a necessity of application, it will be activated and applied.

5. Subcontractor

5.1 General obligations of the Subcontractor

The Subcontractor is obliged to carry out the construction and completion of the Works and repair all defects in the works in accordance with the Contract. After completion, all works shall satisfy the purpose

of the Works stipulated in the Contract. During the Defects Notification Period, the Subcontractor is obligated to repair construction defects at its expense. The Subcontractor shall be obliged to repair, at the cost of the responsible party, all defects arising from any design or construction deviation within five years from the date of issuance of the Taking Over Certificate by the Supervisor.

The Subcontractor shall, under the management of the Contractor, undertake all the responsibilities and obligations for the construction and services of the Works within the scope of the Contract in accordance with the clauses of the Civil and Track Engineering (Lot NS-I) Subcontract concerning the Contractor's responsibilities and obligations, and undertake the following obligations as agreed in the Contract and pay all expenses related thereto.

The Subcontractor shall be responsible for the adequacy, stability and safety of the construction methods used.

5.1.1 Compliance with the laws

In the implementation of construction, and materials & equipment purchase and installation, the Subcontractor shall obtain various qualifications, including relevant certification for Construction Equipment, products and personnel, in accordance with the laws of the Republic of Serbia on planning and construction, railway safety and interoperability and other aspects, as well as the Technical Specification for Interoperability (TSI), and shall implement the works specified in the Contract based on the design documents of the construction permit, the construction permit and the construction design, so as to ensure that all the works under the Contract are finally accepted by the Investor in accordance with both the Civil and Track Engineering (Lot NS-I) Subcontract and the Commercial Contract.

The Subcontractor shall indemnify the Contractor for any kind of damage caused to the Contractor for which is undoubtedly determined and proved that it is caused by intention or negligence/extreme negligence of the Subcontractor. Serbian laws and regulations which will be valid and relevant at the moment of the caused damage shall be applied on this topic. None of the hereby contracting parties can by this contract disclaim liability if the Serbian courts undoubtedly determine and prove that it is caused

by intention or negligence/extreme negligence. For that reason, this paragraph, emphasize that the Subcontractor is obliged to abide by the rules of the profession, respect all project participants and refrain from any negligent and malicious actions until the end of its contractual obligation.

5.1.2 Tax compliance

The Subcontractor shall pay taxes in accordance with the relevant Serbian laws and regulations, and the taxes payable shall be included in the Contract Price. The Subcontractor shall bear all non-exempt taxes which shall be borne by it during the performance of the Contract and shall pay the taxes according to relevant regulations.

The machinery, equipment, instruments, and materials imported by the Subcontractor in the name of the Project and enjoying duty-free policy shall not be used in any other projects other than the Contract or sold off, scrapped or destroyed without permission during the performance of the Works, and shall be re-exported or retained legally after the completion of the Works. The Subcontractor shall be solely responsible for the fines imposed by the local customs authority due to violation of the above regulations.

5.1.3 Complete contracting works

The Subcontractor shall develop a safety, quality and schedule assurance system and complete the civil and track engineering and all relevant works to be done by the Subcontractor under Contract in accordance with the requirements of the Contract and the instructions of the Contractor. After the completion of the Works, all works must fit the Project purpose stipulated in the Contract and the Civil and Track Engineering (Lot NS-I) Subcontract, and any defect shall be repaired. The Subcontractor shall be responsible for the safety, reliability, operability, and impact during the implementation of the Project as shown below:

(1) Civil and track engineering construction, project management, equipment and materials purchasing, supply, transportation, installation, training, commissioning, and warranty services during the Warranty Period; accepting the supervision and inspection of the Contractor during the whole period and

cooperating with the Investor in the completion test.

(2) Removing existing facilities (including but not limited to existing rails, houses, contact system foundation), and transporting the facilities to the place designated by the Investor as per instructions.

(3) All temporary and transitional works required for civil and track engineering and the maintenance of such temporary and transitional works during construction.

(4) Construction, reconstruction, expansion, appraisal, reinforcement, maintenance and decoration of housing engineering as well as related housing works such as electricity, HVAC, and firefighting system within the scope of the Contract.

(5) Relocation of pipeline facilities and over rail pipelines and other works within the scope of the Contract.

(6) Safety protection for existing tracks construction.

(7) Storage and monitoring of purchased equipment, materials, etc., and supervision, storage, and transportation of removed equipment and facilities or items with secondary utilization value.

(8) Providing all technical documents required by the Announced Body for certification.

(9) Completing the construction log in Serbian and submitting it to the Contractor, assisting the Contractor in completing the report to the General Contractor and the Investor, and cooperating with the Contractor to prepare, sort out, and submit pricing documents.

(10) The works will be performed in accordance with the project documentation and contracted WSD and Table of Prices.

Completing all substructures, decoration and installation of relevant equipment and facilities for reconstructed or expanded station, embedding of reserved pipeline, manholes and shafts, relocation of existing pipeline, local roads, overpass and underpasses, the abutment backfilling of all bridges, culverts, ditches, channels, service roads, overhead contact system foundations, etc. from Km112+982.71 to

Km114+100.00 , and other construction tasks shown in the Working Scope with Descriptions and drawings. Lighting installation at grade separated crossing and access roads undertaken by Contractor shall be carried out by Subcontractor and is already included in contract amount.

The Subcontractor is obliged to prepare necessary documents relevant for implementation construction organization design documents, Plan of preventive measures for safety and health at work, personnel qualification certificates, equipment and material quality documents, etc. and provide such documents to the Contractor as required by the Contractor to meet the project management and compliance certification requirements. The Subcontractor is obliged to complete the subsystem certification, process commissioning, and final commissioning works.

If required by the Supervisor or the Contractor, the Subcontractor is obliged to submit the details of the arrangement and methods that it plans to adopt during project construction. Such arrangement and methods shall not be subject to any major change without a communication with the Contractor.

The Subcontractor is obliged to comply with the instructions issued by the Contractor on matters related to the Contract.

The Subcontractor shall engage enough machinery and equipment for Works; own machinery and equipment accounting for 30% of the total amount; and equip a certain number of self-inspection instrument, equipment, tools, etc. for measurement and testing, and establish an internal control center laboratory.

In order to carry out the Project, the subject matter of the Contract, and ensure the preparation, maintenance and completion of the works, the installation and maintenance of traffic signal facilities, and other activities required for the complete implementation of the Project and the subject matter thereof, the Subcontractor is obliged to ensure the implementation of labor, materials, construction, and equipment in quantity and quality. Upon completion, the works must fit the project purpose under the Contract, and the Subcontractor is obliged to repair all defects caused by the design or construction deviation within five years from the date of the issuance of the Taking Over Certificate, and relevant expenses shall be borne by

the responsible party.

The Subcontractor shall obtain the approval from the Contractor when selecting a service provider/subcontractor.

The Subcontractor shall ensure that there will be no service provider/subcontractor and subcontractors of the latter that has an adverse effect on the Contractor in Serbia within the scope of the Contract. Otherwise, the Contractor shall be entitled to dismiss relevant service providers/subcontractor and subcontractors of the latter, the Subcontractor shall take full responsibility for that, and indemnify and hold the Contractor harmless and the Contractor shall be entitled to claim from the Subcontractor, and shall be entitled to compensation equalling to the amount as penalty which was charged to Contractor by General Contractor.

The Subcontractor shall ensure the full competition of procurement and open and transparent selection, and shall not discriminate or unfairly treat any potential service provider. The Subcontractor may sign a contract with the proposed service provider only upon the approval by the Contractor.

The Subcontractor shall not transfer or subcontract the Works or avoid the procedure of selecting service provider. The Subcontractor shall establish a complete list of contracts record, and the Contractor shall be entitled to access to the mentioned list at any time.

The Subcontractor shall be responsible for acts or defaults of its service provider for construction, supply, installation, etc. as if such acts or defaults are of its own. The Subcontractor shall manage the service provider in terms of schedule, safety, quality, and environmental protection.

Subcontractor agreed he omit part of works of or terminate the contract signed with the service provider as per the Contractor's instructions if the service provider fails to meet the schedule, quality and safety requirements.

The Subcontractor shall conform to local laws and make payment to the service provider in time. If the Contractor suffers any economic damage or image damage due to the Subcontractor's failure to timely

payment, the Contractor shall be entitled to claim towards the Subcontractor.

5.1.4 Responsible for the completeness of construction works and construction methods

The Subcontractor shall prepare the method statement in accordance with the working scope and construction schedule in the Contract, and shall be responsible for the completeness, safety and reliability of all construction works and construction methods and techniques. And it shall be responsible for the adequacy, stability, and safety of all civil and track engineering works at the Permanent and Temporary Site and all construction methods of the Works.

Design documents and other technical documents (test certificates, supporting documents, and test results) prepared according to the Contract shall be provided as support to the Announced Body to fulfill its own obligations.

The Subcontractor shall follow the work instructions of the Contractor, the General Contractor, the Investor and the Supervisor, unconditionally accept the inspection, supervision, guidance, and coordination on the Works by the Contractor, the General Contractor and the Supervisor, unconditionally abide by all the project specification management systems issued by the Contractor, and actively develop a good relationship with the Investor, the Supervising Engineer, the General Contractor, the Announced Body, etc.

The Subcontractor shall submit work progress reports as required by the Contractor and be subject to Contractor's supervision and review. Monthly and Weekly work progress reports should be made in English and Serbian as required by the Contractor, the General Contractor and the Investor, which shall contain the progress made in the previous calendar week as well as a 3-week look ahead schedule/programme. This shall also contain staff/labour/equipment lists information with details of working location and status and a list of all instructions received and problems encountered.

5.1.5 Ensure the safety of project construction and personnel

The Subcontractor shall prepare studies on the construction site which is attached to the labor

inspection with the application of works, in accordance with the law of the HSE, appoint experienced safety managers to strengthen the safety training for construction personnel and equipment safety inspection, build a safety assurance system from protection measures by personnel, materials, and technologies, accept the supervision and management by safety supervision departments, and enhance on-Site operation management to achieve safe and orderly construction adjacent to operating railway lines. It shall take appropriate safety, security and environmental protection measures to ensure the safety of the Works and personnel, materials, equipment and facilities in the Works to prevent personal injuries and property losses caused by project construction as well as property losses caused by improper security measures. It is obliged to comply with the requirements of the Commercial Contract for the disassembly and assembly, transportation, and disposal during railway reconstruction. Any claim, compensation, litigation costs and other costs incurred arising from the destruction of or damage to the original roads, bridges and other facilities, equipment, structures or buildings, etc. caused by the Subcontractor during construction shall be borne by the Subcontractor.

The Subcontractor is obliged to perform the following responsibilities at its own expense:

(1) Comply with relevant safety regulations of Serbia;

(2) Ensure the safety of personnel entitled to enter the Site, in accordance with Law on safety and health at work of Republic of Serbia;

(3) Timely remove any obstacle affecting the safety at the Site to keep relevant personnel safe;

(4) Take safety protection, lighting, and security measures for the Works and use appropriate means to ensure the safety of completed works before the Works is handed over to the Investor, take measures to avoid any decay, loss or destruction of or damage to the equipment and materials before the Works is handed over, and promptly repair if the finished works are damaged or stolen;

(5) Ensure the safety of Temporary Works of the Works (including highways, sidewalks, guardrails, and fences) and protect the safety of pedestrians, property, Investors, and users in adjacent areas.

The Contractor shall be entitled to impose process fines on the Subcontractor failing to comply with safety regulations and rules in accordance with laws, regulations, relevant management methods, and impose process fines on the Subcontractor for quality issues. The amount will be the same which will be imposed by General Contractor to Contractor. If it is proved that the fine is caused by Subcontractor.

5.1.6 Responsible for protecting the construction Site and surrounding environment and ecology

The Subcontractor shall comply with relevant environmental protection laws of Serbia and be responsible for protecting the construction Site and surrounding environment and ecology. The Subcontractor are obliged to protect the environment at construction Sites, and the Contractor shall be entitled to impose process fines on the Subcontractor failing to comply with environmental protection requirements. The amount will be the same which will be imposed by General Contractor to Contractor. If it is proved that the fine is caused by Subcontractor.

5.1.7 Avoid damage to interests of the public and others by construction

When carrying out works agreed in the Contract, the Subcontractor shall not infringe on the rights of the Investor and others to use public roads, water sources, municipal pipeline networks and other public facilities and avoid interference with adjacent public facilities. If the Subcontractors occupies or uses others' construction Site and affect others' operation or life, it shall bear corresponding responsibilities.

For the pipeline requiring protection in the Investor's opinion, the Subcontractor shall cooperate with the Investor and the owner of the relevant pipeline to make proper protection and take responsibilities for any accident or loss caused by the Subcontractor's mistake.

If the relocation of an individual pipeline is behind the schedule, the Subcontractor shall adjust the construction schedule to meet targeted deadline under the condition of no material effect on the Time for Completion in the opinion of the Investor and Contractor.

5.1.8 Provide convenience for others

The Subcontractor shall provide possible conditions for other subcontractors to perform works related

to the Works at or near the construction Site according to the instructions of the Contractor. Unless otherwise agreed in the Contract, the Contractor shall organize subcontractors to determine the provision of relevant conditions and the costs that may incur through consultation.

5.1.9 Maintenance and care of the Works

Before the issuance of the Taking Over Certificate, the Subcontractor shall be responsible for the care and maintenance of completed works and installed equipment within the scope of the Contract. If part of the Works is uncompleted upon the issuance of the Taking Over Certificate, the Subcontractor shall also be responsible for the care and maintenance of uncompleted Works till it is completed and handed over to the Investor. The Subcontractor shall be responsible for the repair of any damage occurred during the period of maintenance and care of the Works, and relevant expenses shall be borne by the responsible party.

The Subcontractor shall also be responsible for any loss or damages caused by any of its acts after the issuance of the Taking Over Certificate if damages are connected with this contract relationship.

5.1.10 Insurances

Subcontractor is obliged to report insured events to the insurance company in a timely manner to go through claim procedures according to the provisions of the policy according to the law of Republic of Serbia

5.1.11 Introductions and Explanations

Before putting the facilities into operation after project completion, the Subcontractor guarantees to provide introductions and explanations (if any) for the Investor's employees or other personnel on the operation and maintenance methods of the works they are responsible for.

The Subcontractor shall prepare a detailed introductions and explanations plan within 12 months prior to the final completion in accordance with the Commercial Contract. The introductions and explanations plan shall include all written documents required, which shall be made in Serbian and English.

The Subcontractor shall arrange personnel with adequate qualification to train the Investor's personnel in the operation and maintenance of the Works in Serbian to achieve a quality introductions and explanations effect.

5.1.12 Cooperate in joint commissioning and test

The Subcontractor has the responsibility and obligation to cooperate in the completion of joint commissioning and test works within the working scope of the Contract to meet relevant requirements under the Civil and Track Engineering (Lot NS-I) Subcontract. The Subcontractor shall complete corresponding self-inspection works, provide relevant test records and test reports, complete static commissioning within the work scope, and obtain the approval of the Investor, the Supervisor, the Acceptance Committee and the Announced Body.

5.1.13 Investigation of the construction Site

The Subcontractor confirms that it has entered into this Contract on the basis of proper, examination, verification and interpretation of all data related to the Works, including any data provided by the Contractor and any other data readily available relating to the Works, Site and surrounding area. The Subcontractor acknowledges that any failure to acquaint itself with, verify and interpret all required data and information shall not relieve its responsibility for properly estimating the difficulty or cost of successfully performing the Works and shall not be entitled to claim additional payment and/or extension of the Time for Completion, unless there is approved additional payment and/or extension of the Time for Completion from Investor which is directly connected with the scope of work of the Subcontractor.

The Subcontractor shall be deemed to have full access to and verified all the information related to risks and other works that may affect the Works of the Contract. It shall be deemed to have investigated Site, surrounding environment, and materials and information mentioned above and be familiar with and verified all relevant matters before the Subcontractor signing the Contract, including but not limited to the following items in accordance with the project:

(1) Form, nature and underground conditions of the construction Site;

(2) Hydrological and climatic conditions;

(3) Scope and nature of works and materials required for project construction and completion, and defect repair;

(4) Laws, regulations and working habits of the Republic of Serbia;

(5) Requirements of the Contractor and the General Contractor related to access roads, personnel, electricity, traffic, water and other installation works.

5.1.14 Adequacy of Contract price

It is deemed in the Contract that:

(1) The Subcontractor fully confirms the adequacy and sufficiency of the Contract Price;

(2) The Subcontractor offers the Contract Price based on the data, its verification and interpretation, required information, inspection and all relevant matters in 5.1.13 and other implied data available to the Subcontractor.

(3) Unless otherwise specified in the Contract, the Contract Price covers all the Subcontractor's obligations under the Contract and all matters concerning the construction, completion and defect repair of the Works.

(4) When the Subcontractor signs the Contract, the Subcontractor has full knowledge of market prices of personnel, materials as well as machinery and equipment required for the Works, and the risk of price change in such factors has been covered by the Contract Price.

5.1.15 Other obligations

5.1.15.1 As the subject of the construction management and quality and safety implementation under the Contract, the Subcontractor must comply with Serbian laws and regulations on quality, safety,

environmental protection, soil and water conservation, etc., develop a quality and safety responsibility system, strengthen the quality and safety management, establish, improve, and implement a quality and safety assurance system, accept the supervision and inspection by relevant departments, establish a construction management system of quality, safety, Time for Completion, cost, environmental protection and stability, and meet the basic requirements of European railways.

5.1.15.2 The Subcontractor shall take efforts to maintain the reputation of the Contractor and the General Contractor and hold the Contractor and the General Contractor harmless from any damage, financial loss, litigation loss and any other issue adverse to the Contractor and the General Contractor caused by the Subcontractor. The Subcontractor is liable to compensate the Contractor and the General Contractor for losses due to any misconduct of the Subcontractor, if it is proved that the losses is caused by Subcontractor.

5.1.15.3 The Subcontractor shall provide all mandatory documents as per the Contractor's requirements, such as mobilization plan for human resources, mobilization plan for machinery and equipment, procurement plan for materials, organizational chart, method statement, and fire prevention analysis, construction schedule, etc. The submission time and preparation of the stated documents shall meet the requirements of the Contract and Investor.

5.1.15.4 The Subcontractor shall remove ballasts carefully to avoid any damage, so that the Investor can reuse the removed materials. Such materials shall be removed according to design documents and relevant requirements. Then the Subcontractor shall transport those removed materials to a place designated by the Investor and store them.

5.1.15.5 The Subcontractor is obliged to remove existing facilities after commencement to create favourable conditions for the construction of other subcontractors. The Subcontractor is obliged to complete pipeline removing/relocation/reconstruction required in the design documents as soon as possible after commencement without any delay to ensure smooth implementation of other works if it is in accordance with the contract and the project documentation.

The Subcontractor shall be responsible for all existing facilities and pipeline relocation works within the Contract, including but not limited to unforeseen works.

For unforeseeable existing facilities and pipeline relocation works which is not stipulated in the Contract, the Contractor and the Subcontractor will jointly lodge a claim through General Contractor to the Investor. Unforeseeable conditions refer to conditions that are unknown, invisible in the Site exploration, and not reflected in the cadastre before commencement.

5.1.15.6 The Subcontractor must prepare the method statement for execution based on construction drawings and construction schedule, submit to the Contractor for approval.

5.1.15.7 The Subcontractor shall set up Temporary Facilities using relevant station Site, mixing plant, maintenance base (institute) and station square provided by the Investor according to design documents and construction organization requirements according to Serbian regulations.

5.1.15.8 The Subcontractor shall promptly notify the Contractor in writing if there are any errors, omissions or defects in the relevant engineering investigation and survey, design, standards and specifications, drawings or other documents during the inspection and verification of the contract documents or the implementation of the Works. The Subcontractor must provide the Contractor with the subcontractor's documents in time when the Contractor need them.

5.1.15.9 The Subcontractor shall set aside safety expenses, accept the inspection by the Contractor of the safety facilities, and improve the safety measures according to the inspection remarks to ensure the safety construction.

5.1.15.10 The Subcontractor shall take the initiative to prevent natural disasters and prevent damage to the Works.

5.1.15.11 The Subcontractor shall provide the laborers with living conditions and living facilities that meet the hygiene and safety requirements in strict accordance with the local labor and health regulations. If the Subcontractor's workers are necessary to be accommodated in the construction site.

5.1.15.12 The Subcontractor shall timely compile, collect and sort out the data in the process of project construction in a systematic, complete, true and accurate way to ensure the traceability of project quality, and prepare the completion documents and project summary according to the requirements of the Investor. The Contractor shall carry out inspection during the process and complete the engineering technical summary within one year after project completion acceptance.

5.1.15.13 The Subcontractor shall deal with according to relevant regulations of Serbia in case of quality and safety accidents, railway traffic accidents, serious quality problems, major stability events or other major breach of contract during construction. The Subcontractor shall also bear all losses and responsibilities if losses are caused to the Contractor and the General Contractor.

5.1.15.14 When the Contractor accepts the audit, review and inspection of the relevant state departments, the Contractor can reduce the payment due to the Subcontractor if finds out the responsibility belongs to the Subcontractor; if the payment due to Subcontractor is not enough to be deducted, the Subcontractor shall return the full amount or difference to the Contractor.

5.1.15.15 The Subcontractor shall cooperate with Contractor and the General Contractor in publicity during the process of railway construction.

5.1.15.16 The interface of each section of the Project shall be regarded as the main control item of quality management. The Subcontractor shall set up full-time interface engineering quality management personnel, and abide by the Contractor's interface management method, and take charge of the interface engineering quality management in the construction process with the Contractor. The Subcontractor shall assign special personnel to participate in the coordination group according to the instructions of the Contractor. The subcontractor in the previous process are obliged to provide working conditions for the subcontractor in the subsequent process.

5.1.15.17 Within one year after the Project is put into operation, the Subcontractor shall conduct no less than two quality return visits under the organization of the Contractor. The Subcontractor shall listen to the opinions of the Investor's transportation department and equipment management department, and

timely rectify the engineering quality problems found during operation.

5.1.15.18 Infirmary or first aid station shall be established.

5.1.15.19 The Subcontractor is obliged to assist Contractor to coordinate procedures in the local and state level for the construction of the 7 bridges in Subotica which should be constructed by Contractor.

5.2.1 Performance guarantee

The Subcontractor is obliged to submit a performance guarantee, in a form and from a bank acceptable to the Contractor, amounting to 10% of the Contract Price to the Contractor within 75 days after signing the Contract, and the Subcontractor shall ensure that its performance guarantee will remain valid until 28 days after expiring Defects Notification Period under this Contract.

The Contractor shall return the performance guarantee to the Subcontractor within 28 days after expiring Defects Notification Period under this Contract.

If the Time for Completion or Defects Notification Period is extended or if the Subcontractor's Works are not completed, the Subcontractor is obliged to extend the performance guarantee under this clause. If the Contract Price is adjusted according to the provisions of the Contract, the Subcontractor is obliged to adjust the amount of the performance guarantee.

The guarantee issued by the bank is an irrevocable and unconditional letter of guarantee on demand, which conforms to the international standard URDG 758.

5.2.2 Advance payment guarantee

The Subcontractor is obligated to submit an Advance payment guarantee, in a form and from a bank acceptable to the Contractor, amounting to 20% of the Contract Price to the Contractor within 75 days after signing the Contract, and the Subcontractor shall ensure that its Advance payment guarantee will remain valid until the agreed date of completion of the Work. As it is defined in Article 19.2.5. that the advance payment will be paid in two instalments (first in amount of 10% and second in amount of 10%

from the Contract Price), Subcontractor will issue two advance payment guarantees in favour of Contractor in the amount of each instalment. The total amount of these guarantees shall be proportionally reduced by the amount of the advance payment repaid to the Contractor by the Subcontractor.

The bank guarantee issued by the bank is irrevocably unconditionally without protest, at first sight, and without additional conditions for payment and complies with URDG 758 international standards.

5.3 Subcontractor's Representative (Subcontractor Project Manager)

5.3.1 The Subcontractor shall appoint a person with experience in construction management as the Subcontractor's Representative, and grant him all the necessary powers to act on behalf of the Subcontractor according to the Contract. The whole time of the Subcontractor's Representative shall be given to directing the Subcontractor's performance. If the Subcontractor's Representative is to be temporarily absent from the Site during the execution of the Works, a suitable replacement person shall be appointed by notice to the Contractor, subject to the Contractor's prior consent.

The Contractor has the final decision on the appointment of the Subcontractor's Representative. Before the Commencement Date, the Subcontractor shall submit the names and details of the persons to be appointed as the Subcontractor's Representatives to the Contractor for the Contractor's consent. If the consent is not obtained, or the consent is subsequently withdrawn, or the appointed person cannot act as the Subcontractor's Representative, the Subcontractor shall similarly submit the names and details of other suitable persons to obtain the appointment.

Without the prior consent of the Contractor, the Subcontractor shall not revoke the appointment of the Subcontractor's Representative or appoint any substitute.

The Subcontractor's Representative may entrust any authorization, obligations and power to any competent person, and may cancel the entrustment at any time. Any entrustment or cancellation shall come into effect after the Contractor receives the prior notice issued by the Subcontractor's Representative specifying the names of personnel and stating the authorization, obligations and powers of entrustment or

cancellation. But if the Contractor raises objections within a reasonable time after receiving the notice, the notice shall not come into effect.

The Subcontractor's Representative and/or the Subcontractor's Site Representative and all such personnel shall be fluent in English. If the Subcontractor's Representative and/or the Subcontractor's Site Representative and all such personnel cannot use English fluently, the Subcontractor shall dispatch competent translators to be present at all times. The number of translators should be based on ensuring the smooth and effective work of the Subcontractor.

The Subcontractor shall ensure the Subcontractor's Representative and/or the Subcontractor's Site Representative not be changed frequently.

5.3.2 The Subcontractor's Representative shall be responsible for organizing the implementation of the Works according to the Contract and the instructions given by the Contractor's Representative. In case of emergency and unable to get in touch with the Contractor's Representative, Subcontractor's Representative may take emergency measures to ensure the safety of the Works and personnel's life and property, and submit a written report to the Contractor within 12 hours after the measures are taken.

5.3.3 All communications sent by the Subcontractor for the performance of the Contract shall be stamped with the seal of the construction Site management organization authorized by the Subcontractor and signed by the Subcontractor's Representative or its authorized representative.

5.3.4 The Subcontractor's Representative may authorize its subordinate personnel to perform a certain duty, but shall inform the names and scope of authorization of these personnel in advance to Contractor's Representative.

5.4 Management of subcontractor's personnel

5.4.1 The Subcontractor shall, within 21 days after receiving the commencement notice, submit to the Contractor a report on the management organization, engineering and technical personnel qualification, mechanical equipment and construction force allocation of the Subcontractor at the construction Site. The

subcontractor's employees shall be dressing and marked uniformly during working as required by the Contractor. The Contractor shall sample and verify the reports provided by Subcontractors. Without the consent of the Contractor, the Subcontractor cannot replace the main management and technical personnel on Site. The Subcontractor shall provide the Contractor with a list of all on-Site personnel (indicating main management and technical personnel) before commencement, and the Subcontractor shall report to the Contractor in time when replacing on-Site personnel. The Contractor has the right to refuse entry of personnel.

5.4.2 In order to complete all the work agreed in the Contract, the Subcontractor shall dispatch or employ a sufficient number of the following personnel to the Site:

(1) Professional technicians with corresponding qualifications and qualified workers;

(2) Technicians with corresponding construction experience, English communication skills and the ability to use the software designated by the Investor to prepare construction schedule;

5.4.3 The main management personnel and technical experts arranged by the Subcontractor at the construction Site shall not be changed frequently. The Subcontractor shall obtain the consent of the Contractor's Representative when replacing the main management personnel and technical experts.

5.4.4 The Subcontractor must strictly implement the system of training to inexperienced employees, special operators and those who will be working in key position in engineering construction before they starting works. Special operators must follow the relevant provisions of Serbia after special safety operations training, and in Serbia to obtain a special operating qualification certificate before starting work.

5.4.5 The Subcontractor shall allocate Serbian engineers, Serbian assistant engineers and Serbian translators, etc. with relevant expertise.

5.4.6 The Subcontractor shall have its own professional mechanical operators, with the number not less than 30% of all staff.

5.5 Replacement of the Subcontractor's Project Manager and other personnel

The Subcontractors shall effectively manage their subcontractor representatives and other personnel. The Subcontractor shall replace Subcontractor's Representative and other personnel who are incompetent for their own work, misbehave or neglect their duties, and compensate the losses to the Contractor caused by them.

5.6 Guarantee of the legitimate rights and interests of Subcontractor personnel

5.6.1 The Subcontractor shall employ employees in Serbia according to relevant labor laws and regulations of Serbia. And the Subcontractor be responsible for the employees' remuneration, taxes and insurance as stipulated by laws and regulations. The Subcontractor shall guarantee that the Contractor and the General Contractor are free from all claims, losses and damages caused by the employment problems of the Subcontractor's employees. The Subcontractor shall ensure that all employees and laborers in Serbia have visas and labor contracts that meet the requirements of Serbian national laws.

5.6.2 The Subcontractor shall arrange working time according to the provisions of the Law in Serbia to ensure that its employees enjoy the right to rest and vacation. If the holiday is occupied or the working time are extended due to the special needs of the project construction, the Subcontractor shall give compensatory time off or pay according to the law.

5.6.3 The Subcontractor shall provide its employees with necessary accommodation and living environment meeting local environmental protection and hygiene requirements.

5.6.4 The Subcontractor shall take effective labor protection measures to prevent dust, reduce noise, control harmful gases and ensure the safety of high temperature, cold and aerial work in accordance with the relevant labor protection regulations of Serbia. In case of injury to its employees during construction, the Subcontractor shall immediately take effective measures to rescue and treat them.

5.6.5 The Subcontractor shall handle insurance for its employees according to the relevant laws and regulations and the contract agreement.

5.6.6 The Subcontractor shall be responsible for the aftercare of the casualties of its employees at

work.

5.7 Subcontractor's Site investigation

5.7.1 The Contractor is obliged to provide the Subcontractor with the on-Site geological exploration data and hydrometeorological data owned by the Contractor. However, the Subcontractor shall be responsible for the verification and interpretation made by the Subcontractor of the above-mentioned relevant documents.

5.7.2 The Subcontractor shall investigate the construction Site and surrounding environment, and collect relevant geological, hydrological, meteorological conditions, traffic conditions, on-Site pipelines, customs and other local data related to the completion of the Works and in accordance with the project documentation. In the whole Works, the Subcontractor be deemed to have fully estimated the responsibilities and risks being undertaken and has included them in the Contract Price.

5.7.3 The Subcontractor must pay for his usage of the construction facilities (such as electricity, water, sewer system, gas, telephone, etc.). The Subcontractor must pay his connections on these systems. The parties agree that if it is the Investor's part of the obligation, it will promote the settlement by the Investor. If the Investor is unable to resolve it, then whoever uses the part will be responsible (including but not limited to cost and related procedures, etc.)

5.7.4 Unless otherwise stated in the Contract, the Subcontractor shall be deemed to have obtained and verified all necessary information about risks, accidents and other conditions that may have an impact or effect on the Works;

5.7.5 By signing the Contract, and in accordance with the project documentation the Subcontractor accepts all the responsibilities for all the difficulties and expenses foreseen to successfully complete the Works; the Contract Price shall not be adjusted for any unforeseen difficulties and expenses.

5.8 Cooperation with design work

To complete the design work better, the Subcontractor shall try its best to cooperate with the design

work of the Design Subcontractor, or provide necessary information as required by the Contractor.

5.9 Adverse physical conditions

5.9.1 Adverse physical conditions refer to unforeseeable natural physical conditions, unnatural material obstacles and pollutants encountered by the Subcontractor on the construction Site, including underground and hydrological conditions, but excluding climatic conditions. Unforeseeable underground conditions and facilities refer to the existing underground facilities that are unknown and not reflected in the cadastre before commencement.

5.9.2 In case of adverse physical conditions, the Subcontractor shall take reasonable measures to adapt to the adverse physical conditions to continue the construction, and timely notify the Contractor, the General Contractor and the Supervisor. In case of obtaining compensation from the Investor, the Subcontractor shall be entitled to compensation in accordance with the relevant articles on unfavourable physical conditions in the Civil and Track Engineering (Lot NS-I) Subcontract.

6. Materials and Engineering Equipment

6.1 Materials and Engineering Equipment provided by the Subcontractor

6.1.1 The Subcontractor shall be responsible for the procurement, transportation and storage of Materials and Engineering Equipment (except the Materials supplied by the Contractor listed in Appendix 4) during the implementation of the Contract. The Subcontractor's procurement and technical requirements shall comply with the relevant provisions of the Commercial Contract and the Technical Specification for Interoperability (TSI). The Subcontractor shall be obligated to initiate the bidding procurement process, and shall not restrict competition or prevent any bidder from participating in the public bidding procedures, and shall openly and transparently select suppliers of Materials and equipment, and be responsible for the quality of Materials and Engineering Equipment purchased by itself. The Subcontractor shall purchase licensed and certified Materials and Engineering Equipment. The Contractor shall supervise and inspect the procurement, supply and mobilization acceptance of the Subcontractor's self-purchased Materials according to regulations. If the progress of the Subcontractor's procurement of Materials and equipment

cannot meet the needs of the Works, the Contractor shall purchase the Materials in accordance with Clause 2.13.

6.1.2 The Subcontractor shall submit the suppliers, varieties, specifications, quantities and delivery time of all Materials and Engineering Equipment to the Contractor for approval. The Subcontractor shall submit the quality certification documents of the Materials and Engineering Equipment meeting the quality standards agreed in the Subcontract, Commercial Contract and design documents to the Contractor, provide at least two references of the similar project, and accept the inspection and guidance of the Contractor and the General Contractor on the procurement of Materials, equipment and Materials related to the quality and safety. The Subcontractor shall provide the list of the equipment and its source to the Contractor before the equipment enters, and the Contractor has the right to refuse the entry of equipment to the Site.

6.1.3 For the Materials and Engineering Equipment provided by the Subcontractor, the Subcontractor shall accept the supervision, inspection and delivery acceptance from the Investor, the Supervisor, the Announced Body, the General Contractor and the Contractor, and check the material qualification certificate, product qualification certificate and necessary CE certificates, and carry out sampling inspection of Materials and inspection and testing of Engineering Equipment whose cost is borne by the Subcontractor according to the stipulations of the Contract and the instructions of the General Contractor and Supervisor, and submit inspection and testing results to the Contractor, the General Contractor and the Supervisor.

6.1.4 The Subcontractor shall guarantee the quality of Materials and Engineering Equipment purchased for the Works, and shall not purchase and use unqualified Materials and Engineering Equipment. In case of use, the Subcontractor shall implement the treatment and punishment decisions made by the Contractor, and bear relevant responsibilities and expenses, but the Time for Completion will not be extended.

6.1.5 The Subcontractor shall handle the procurement, supply, import and export of Materials,

customs clearance, tax payment, tax exemption and tax refund in strict accordance with the relevant laws and regulations of the importing country (re-exporting country) and the exporting country, as well as the provisions of the Subcontract and Commercial Contract, and keep all the original certificates.

6.1.6 All risks incurred during transportation and use of mechanical equipment, Construction Equipment, accessories, Materials, etc. involved in this article shall be borne by the Subcontractor. Any losses caused to the Contractor from this shall be compensated by the Subcontractor, and the Contractor is entitled to deduct it from any payment to Subcontractor.

6.1.7 The Contractor shall manage and control the Materials and equipment purchased by the Subcontractor in accordance with the relevant regulations of the Contractor, and the Subcontractor must implement the material and equipment supply plan approved by the Contractor.

6.1.8 The concrete mixing plant built by the Subcontractor, if any, shall meet the construction needs of the Contractor, and the price shall not be higher than the market price of the same type of concrete in Serbia.

6.2 Materials and Engineering Equipment provided by the Contractor

6.2.1 For the Materials and Engineering Equipment provided by the Contractor, see Appendix 3 of this Contract.

6.2.2 The Subcontractor shall submit to the Contractor the delivery date plan required by the Contractor in accordance with the arrangement of the contract schedule. The Contractor shall submit Materials and Engineering Equipment to the Subcontractor according to the delivery date consented by the supplier.

6.2.3 The Contractor shall notify the Subcontractor 7 days before the arrival of the Materials and Engineering Equipment, and the Subcontractor shall go to the delivery place notified by the Contractor for examination and acceptance within the agreed time. After the acceptance of the Materials and Engineering Equipment provided by the Contractor, the Subcontractor shall take over responsibility of the Materials

and Engineering Equipment and take charge of the transportation from the delivery place and storage.

6.2.4 The Subcontractor shall not refuse an advance delivery requested by the Contractor.

6.2.5 Any change of the delivery date or place requested by the Subcontractor shall be reported to the Contractor for approval in advance. Any additional cost and/or delay in the construction period due to the Subcontractor's request to change the delivery time or place shall be borne by the Subcontractor.

6.3 Materials and Engineering Equipment dedicated to the Works

6.3.1 Materials and Engineering Equipment carried into the construction Site, including spare parts (if any), special tools and instruments for installation and delivery attached documentation, must be dedicated to the Works, and shall not be transported out of the construction Site and used for other purposes by the Subcontractor without the consent of the Contractor.

6.3.2 The spare parts (if any), special tools and instruments and the delivery attached documentation that are brought into the construction Site along with the Engineering Equipment shall be put in storage by the Subcontractor together with the Supervisor after checking the packing list of the supplier, and shall not be put into service without the consent of the Contractor and the Supervisor. The Subcontractor shall apply to the Contractor for the use of the aforesaid items for the purpose of the contract work.

6.4 Prohibition of non-compliant materials and Engineering Equipment

6.4.1 The Contractor, General Contractor and Supervisor are entitled to reject the non-compliant materials provided by the Subcontractor or Engineering Equipment, and require the Subcontractor to replace it immediately. The Contractor, General Contractor and Supervisor shall conduct examination and inspection again after the replacement, and any additional cost and/or delay thereby shall be borne by the Subcontractor.

6.4.2 The Contractor, General Contractor and Supervisor, once find that the Subcontractor has used non-compliant materials and Engineering Equipment, shall immediately give instructions to stop it, and prohibit the continued use of non-compliant materials and Engineering Equipment in the construction.

7. Construction Equipment and Temporary Facilities

7.1 Construction Equipment and Temporary Facilities provided by the Subcontractor

7.1.1 The Subcontractor shall timely configure Construction Equipment and build Temporary Facilities (including but not limited to camps\electric generator\water pump and all similar temporary facilities which subcontractor always used on the site according to professional standards) in accordance with the requirements of the construction schedule. The equipment provided by the Subcontractor entering the construction Site can be put into use only after the check by the Contractor, General Contractor and Supervisor. Where the Subcontractor replaces equipment provided by the Subcontractor agreed in the Contract shall be reported to the Contractor, General Contractor and Supervisor for approval.

7.1.2 The Subcontractor shall bear any cost due to construction of Temporary Facilities and temporary land occupation by the Subcontractor; when temporary land occupation is needed, the Subcontractor shall be responsible for obtaining it. Any cost due to temporary land occupation shall be borne by the Subcontractor. At the request of the Contractor, the Subcontractor shall provide the temporary land occupation plan in a timely manner.

7.2 Requirements for the Subcontractor to add or replace Construction Equipment

Whenever the Construction Equipment used by the Subcontractor cannot meet the construction schedule and/or quality requirements of the Contract, the Contractor, General Contractor and Supervisor are entitled to request the Subcontractor to add or replace Construction Equipment, and the Subcontractor shall add or replace in a timely manner. Any cost or delay thereby shall be borne by the Subcontractor. If the Subcontractor fails to comply with the Contractor's notice, then the Contractor shall be entitled to engage its own Construction Equipment and/or engage a third party and any cost or delay shall be borne by the Subcontractor.

7.3 Construction Equipment and Temporary Facilities dedicated to the Works

7.3.1 All Construction Equipment brought into the construction Site and Temporary Facilities built

on the construction Site shall be dedicated to the Works. Any part of the aforesaid Construction Equipment and Temporary Facilities shall not be transported out of the construction Site or used for other purposes without the consent of the Contractor.

7.3.2 With the consent of the Contractor, the subcontractor may remove idle Construction Equipment according to the construction schedule.

8. Traffic and transportation

8.1 Right of way and off-Site facilities

The right of way and off-Site facilities within the scope of the Contract shall be handled by the Subcontractor and any cost thereby shall be borne by the Subcontractor. When the Contractor's coordination is required, the Contractor shall assist in the relevant procedures. Where the local road used needs to be restored according to the local municipal government or the law, the Subcontractor shall restore it at its own expense.

8.2 Access roads on Site

8.2.1 The Subcontractor shall be responsible for the construction, maintenance and management of temporary roads and traffic facilities required for the construction, including maintenance and management of roads and traffic facilities provided by the Investor, and bear the corresponding costs.

8.2.2 Temporary roads and transportation facilities constructed by the Subcontractors shall be provided to the Investor, General Contractor, Contractor, Supervisor, other contractors and other subcontractors free of charge.

8.2.3 During the construction, the Subcontractor is obliged to abide by various regulations of the Investor's transportation organization, and provide necessary support to the relevant equipment operators of the transportation organization in accordance with the Investor's requirements.

8.3 Off-Site roads

8.3.1 Any tolls, maintenance fees and taxes on off-Site public roads required by the Subcontractor shall be borne by the Subcontractor.

8.3.2 The Subcontractor shall abide by the relevant Serbian traffic laws, drive safely in strict accordance with the restricted load of roads and bridges, and comply with the inspection and supervision of the traffic management department.

8.4 Traffic organization during construction

8.4.1 During the construction, the Subcontractor must reduce the interference to the railway traffic operation to the minimum necessary level. Within 28 days before the Commencement Date, the Subcontractor is obliged to submit the method statement to the Contractor, including the traffic management documents during the construction. In such documents, the Subcontractor shall specify the traffic organization from the perspective of construction safety.

8.4.2 If the Investor has any dissent on the relevant documents that have been submitted by the Contractor in accordance with 8.4.1, the Subcontractor is obliged to correct the deviation within 14 days and resubmit the documents to the Contractor for approval.

8.4.3 During the renovation of the existing railway, the Subcontractor shall carry out the operation in accordance with the conditions approved by the Investor and the conditions of the construction Site. Before connecting passenger and freight trains to the new railway, the Subcontractor shall abide by the Investor's technical inspection procedures, and the Contractor shall organize the Subcontractor to obtain the approval documents for putting into use.

8.4.4 When the Subcontractor needs to temporarily close the railway traffic during the construction, the following principles shall be applied:

During the construction period, the section from Novi Sad (Rumenka) to Subotica (Navičevo) shall all be closed (excluding station Novi Sad and Subotica).

In special circumstances, such as construction of switches connecting operating railway, operating

railway shall be stopped within 12 hours at night after approval from Investor;

if the above conditions are changed due to the Investor's reasons, the Subcontractor shall implement it in accordance with the Investor's changed requirements, and shall not be entitled to additional costs.

8.4.5 In order to facilitate traffic management, the Investor shall provide, install and maintain two temporary mobile signal devices during the period when the existing signal equipment is not in use, and the Subcontractor shall provide the materials required for the installation and the container housing required by the Investor's personnel to operate these devices and the by the transportation organization.

8.5 Transportation of oversized and overweight items

For oversized or overweight items transported by the Subcontractor, the Subcontractor shall be responsible for handling the application procedures with the Serbian traffic management department, and the Contractor shall provide assistance. The cost due to temporary reinforcement and reconstruction of roads and bridges and other related expenses required for the transportation of oversize or overweight items shall be borne by the Subcontractor, unless otherwise agreed.

8.6 Liability for damage to roads and bridges

If the roads and bridges inside and outside the construction Site are damaged due to undoubtedly determined and proved the Subcontractor's use of the roads and bridges, the Subcontractor shall bear the full cost of repairing the damage and possible compensation.

8.7 Waterway transportation and air transportation

The above-mentioned sub-clauses of this article apply to waterway transportation and air transportation. The definition of the term "road" includes river courses, ship and air routes, ship locks, airports, docks, dikes, and other similar structures in waterway transportation or air transportation; the definition of the term "vehicle" includes vessels and airplanes.

9. Surveying and setting out

9.1 Construction geodetic polygon network

9.1.1 The Contractor shall provide the Subcontractor with the surveying reference points. The Subcontractor shall, in accordance with the technical specifications, the above reference points and tolerance requirements for geodetic works, survey and set out the construction geodetic polygon network, whose accuracy shall meet the requirements for setting out, positioning, completion, and delivery of substructure, superstructure, track, bridge, and culvert structures, etc., and submit the construction geodetic polygon network data through the Contractor to the Supervisor for approval. The Subcontractor shall set out fine-tuning plan for the track surveying network according to the basic geodetic polygon network provided by the Contractor. The Subcontractor shall retest the geodetic polygon network every six months to meet the requirement of technical specifications.

9.1.2 The Subcontractor shall be responsible for the management and maintenance of the construction geodetic polygon network. Where the construction geodetic polygon network is lost or damaged, it shall be repaired by the subcontractor in time. The Subcontractor shall bear the management and repair costs of the construction geodetic polygon network, and hand over the construction geodetic polygon network to the Contractor after the completion of the Works.

9.2 Construction surveying

9.2.1 The Subcontractor shall be responsible for the construction surveying and setting-out work within the scope of this Contract during the construction, and shall engage qualified personnel, instruments, equipment and other items. The Subcontractor shall be responsible for the on-Site verification of the basic data of train control. The Subcontractor is obliged to carry out surveying work during construction, and to prepare manuals for the registration of real estate and the permanent facilities in accordance with the relevant law.

9.2.2 The Subcontractor shall set out based on the design documents or the origin of the survey coordinates, the route and the datum elevation notified by the Contractor. The Subcontractor shall be

responsible for the correct positioning of all parts of the Works and shall correct any errors in the positioning, elevation, size or alignment of the Works.

9.2.3 The Contractor may instruct the Subcontractor to conduct sampling retests. Whenever errors or errors that are not allowed by the specifications are found in the retests, the Subcontractor shall make corrections or retests in accordance with the Contractor's instructions, and bear the corresponding retest costs.

9.2.4 The Subcontractor shall accurately set out the mileage indicator of the route, including kilometre indicator, hundred-meter indicator, curve element indicator, gradient indicator, etc.

9.3 Liability for datum errors

The Subcontractor shall retest and verify the information provided by the Contractor, and if obvious errors or omissions are founded, he shall notify the Contractor in writing within 28 days from the date of receipt of the information, otherwise it shall bear the losses caused thereby.

9.4 Other related parties use of the construction geodetic polygon network

With the approval of the Contractor, other related parties can use the construction geodetic polygon network for free, but the Subcontractor is not responsible for the results of the use.

10. Construction safety, public security and environmental protection

10.1 Construction Safety Responsibilities of the Subcontractor

10.1.1 The Subcontractor shall perform the safety responsibilities as stipulated in the Contract, carry out construction in accordance with the relevant Serbian safety regulations and the design documents approved by the Investor to ensure the safety of Permanent and Temporary Works. The Subcontractor shall receive instructions from the Contractor and Supervisor on safe work.

10.1.2 The Subcontractor shall take "human safety" as central task, to standardize safety management, and improve the quality of personnel; take "equipment and facility safety" as basis, to control the source

and strengthen equipment management and control; take "technical defence" as the guarantee, to highlight technological innovation and build a technical safety system, and thus build security system. The Subcontractor shall formulate special construction plans and conduct safety inspections for works that have reached a certain scale and are technically complex.

10.1.3 The Subcontractor shall strengthen the safety management of construction operations, in particular the excavation of pile foundations adjacent to existing railway, the construction of over-passing existing railway, the demolition of tracks, the large-scale mechanical construction, the management of initiating explosive devices, toxic and corrosive materials and other dangerous articles, as well as the management of dangerous operations such as blasting operations and underground engineering construction.

10.1.4 The Subcontractor shall formulate construction safety operation rules in strict accordance with Serbian standards, provide necessary safety production and work protection facilities, strengthen daily safety education for the Subcontractor personnel, and issue safety work manuals and work protection equipment.

10.1.5 The cost for safe working environment and safe construction measures agreed in the Contract is included in the Contract Price.

10.1.6 The Subcontractor shall be responsible for the work-related accidents of all personnel employed by Subcontractor to perform the Contract.

10.1.7 In the event of a third party's casualties and property losses caused by the Subcontractor in the Site and adjacent areas, the Subcontractor shall submit the claim in time, otherwise the cost incurred due to the insurance compensation affected thereby shall be borne by the Subcontractor. At the same time, all expenses not covered by the compensation amount shall be borne by the Subcontractor.

10.1.8 Other safety responsibilities

(1) The Subcontractor shall set up a special safety inspection department with safety inspection

personnel to supervise and inspect the on-Site safety production. The Subcontractor shall submit the documents related to safety to the Contractor in accordance with the law of the HSE within 14 days after the signing of the Contract, including the organization and job responsibilities of the safety inspection department, safety inspection management measures, safety assessment and implementation rules, etc.

(2) The Subcontractor shall strictly implement the construction safety management rules and construction requirements of the operating railway approved by Serbia and the Contractor, and organize the implementation according to the approved construction schedule and method statement.

(3) The Subcontractor's vertical transportation machinery operators, installation and disassembly workers, electrical welding (cutting) operators, blasting operators, lifting signalmen, mounting operators and underwater (overwater) operators and other special work operators must obtain special operation qualification certificates and special safety operation training before they work in their position.

(4) In order to protect the works from damage, or for the safety of nearby and passing people, the Subcontractor shall provide lighting, guards, safety fences, warnings, and other protective facilities at the necessary time and location, or when requested by the Contractor.

(5) The Subcontractor shall, before the Contractor's taking-over, provide fences, lighting, supervision and security for the Works, adopt appropriate measures to ensure the safety of the construction, and avoid the equipment and materials from decay, damage, and loss before taking-over.

(6) The Subcontractor shall, ensure the safety of the necessary Temporary Works (including highways, sidewalks, guardrails and fences) for the Works, and protect the safety of pedestrians, land owners and users in adjacent plots.

10.2 Security

10.2.1 The Subcontractor shall consult with the local police department under the organization of the Contractor to establish a security management organization or joint defence organization on the Site to uniformly manage the security matters of the Site and perform the security duties of the Contract with the

assistance of the Contractor.

10.2.2 The Contractor and the Subcontractor shall not only assist the on-Site security management organization or joint defence organization to maintain the social security of the Site, but also do a good job of the security work in their respective jurisdictions, including accommodation areas.

10.2.3 The Subcontractor shall prepare the security management plan of Site after the commencement of the Works, formulate the emergency plan to deal with unexpected security incidents, and report it to the Contractor for record. In the event of terrorist incidents such as riots and explosions, group sudden security incidents such as group fights and armed fights, sudden safety accidents and other accidents during the construction process, as well as sudden safety accidents and other accidents during the construction process, the Subcontractor shall report to the Contractor within half an hour of the incident. The Subcontractor and the Contractor shall actively assist the local authorities to take measures to calm down the situation, prevent the situation from expanding, avoid casualties and minimize property damage. The Subcontractor shall establish an emergency rescue system with service providers, local governments, enterprises, departments, etc. under the organization of the Contractor.

10.2.4 If the Subcontractor requests for the security, the Contractor shall provide other reasonable assistance to the Subcontractor at the Subcontractor's expense.

10.2.5 The Subcontractor shall be responsible for the security of the Site, allocating security forces to strengthen the patrol and security of the Site, and be responsible for the safety of the property of the Subcontractor, the Contractor and the Investor on the Site. The property losses caused by the Subcontractor's failure to effectively perform the security responsibilities shall be borne by the subcontractor.

10.2.6 The Subcontractor shall not allow staff not related to the Works to enter the Site. Only the Subcontractor's personnel, the Contractor, the Supervisor, and the Investor's personnel are allowed to enter the Site. The Subcontractor shall not accept media interview and publicity without the approval of the Contractor.

10.3 Environmental protection

10.3.1 During the construction process, the Subcontractor shall comply with the laws of Serbia, fulfil the contractual obligations on environmental protection, and be responsible for environmental damage, personal injury and property losses caused by the violation of laws and contractual obligations.

10.3.2 The Subcontractor shall prepare the construction environmental protection measures plan agreed in the Contract and submit it to the Contractor for approval according to the requirement (if any) of Investor, Supervisor, General Contractor. The Contractor is obligated to provide the Subcontractor with the relevant draft/template in a timely manner upon request.

10.3.3 The Subcontractor shall orderly stack and dispose of construction wastes in accordance with the approved construction environmental protection measures plan to avoid damage to the environment. The Subcontractor shall be responsible for the consequences of obstructing public transportation, affecting the lives of urban residents, reducing the flooding capacity of rivers, endangering the safety of residents, damaging the surrounding environment, or affecting the construction of other subcontractors caused by the Subcontractor's arbitrary stacking or disposal of construction wastes.

10.3.4 The Subcontractor shall take effective measures as agreed in the Contract to timely protect the excavated slopes of construction, maintain drainage facilities and protect water and soil to avoid geological disasters caused by construction.

10.3.5 The Subcontractor shall prevent the construction activities from polluting the drinking water source.

10.3.6 As notified, the Subcontractor shall strengthen the control of noise, dust, exhaust gas, waste water and waste oil, strive to reduce noise, control dust and exhaust gas concentration, do a good job in the treatment and discharge of waste water and waste oil, and conduct special tests on noise, air, soil and groundwater during the construction process according to the regulations of Serbia at the Subcontractor's expense. The subcontractor will organize the above controls only at the request of the responsible state

authorities.

10.3.7 In order to minimize damage and discomfort to people or property caused by pollution, noise or operations in accordance with the approved management plan with environmental protection measures, the Subcontractor is obliged to implement environmental protection measures (inside and outside the Site), which will be implemented in the environmental protection activity plan.

10.3.8 The Subcontractor is obliged to ensure that emissions, surface discharges and wastewater resulting from its own operation do not exceed the values specified by applicable laws, and test the indicators according to the design requirements.

10.3.9 The Subcontractor is obliged to ensure that its waste disposal meets the requirements of local laws and regulations of Serbia.

10.4 Accident Handling

If an accident occurs during the construction of the project, the Subcontractor shall immediately notify the Contractor, and the Contractor shall immediately notify the General Contractor and the Investor. The Subcontractor shall immediately organize, with the Contractor's assistance if required, personnel and equipment for emergency rescue and repair, reducing casualties and property damage, preventing the accident from expanding, and protecting the accident Site. When it is necessary to move on-Site items, both parties shall make marks and written records, and keep the relevant evidence properly. The Contractor and the Subcontractor shall timely and honestly report to the relevant departments the occurrence of accidents, as well as the emergency measures being taken, etc. The costs incurred in emergency repair are based on the principle of "Whoever destroys is responsible"; if the damage is not caused by the Contractor or the Subcontractor, the Contractor will organize the Subcontractor to negotiate and communicate with the third party causing the damage, and pay the Subcontractor the relevant costs incurred in emergency repair based on the compensation obtained from the third party and the Subcontractor shall not be entitled to claim against the Contractor.

11. Construction progress

11.1 Preparation of method statement

The Subcontractor shall prepare the method statement of the Works based on the requirements of Commercial Contract, Civil and Track Engineering (Lot NS-I) Subcontract, design documents, and relevant requirements of the Contractor (including a detailed construction transition plan by using Investor-specified software). The method statement shall include but not limited to: construction schedule, material supply and inspection, construction Site layout, construction quality assurance measures, construction personnel organization, construction machinery, material procurement and supply plans and quality assurance measures, personnel and equipment entry plans, construction safety measures, protection measures for the impact of construction on the environment, capital use plan, etc.

The construction schedule shall be accompanied by a supporting report and contain as a minimum:

i) Commencement Date, access dates, key dates and completion dates

ii) Planned completion

iii) A general description of the methods which the Contractor intends to adopt and of the major stages in the execution of the Works.

iv) Order and timing of the operations which the Subcontractor plans to do in order to provide the Works, including mobilization for the different activities. Activities shall be split such that their durations do not exceed 30 days. All activities to be logic linked in such a way that logic is not constrained by resource limitations unless otherwise specifically approved by the Contractor. Non-working days to be included.

v) Detailed resourcing.

vi) Order and timing of procurement and supplies for the works, manufacture of Plant, delivery to Site, construction, erection and testing.

vii) The order and timing of the work of the Contractor and Others as last agreed, including relevant interfaces and workflows.

viii) The Subcontractor shall show float and the critical path.

ix) The Subcontractor should show time risk allowances.

x) Sufficient allowance for adverse events such as inclement weather conditions.

xi) Manage all known risks along with an assessment and mitigation of any potential or emerging risks.

xii) Provisions for Health and Safety allowances.

xiii) Allowance for any procedures required within the Contract.

xiv) The Subcontractor should include any acceptance dates required by the Subcontractor and from the Contractor and/or Others.

xv) Dates for when materials, engineer equipment and/or plant and other items are required by the Subcontractor but are provided by the Contractor.

xvi) Dates of any other information required by the Subcontractor from Contractor and/or Others.

xvii) Satisfy quality criteria of recognized international standards.

The construction schedule shall be prepared using the Investor-specified software and submitted to the Contractor in its native format for approval.

The fact that the construction schedule has not been commented by the Contractor shall not release or relieve the Subcontractor from any of its obligations or responsibilities under the Contract. The Subcontractor shall at all times bear the onus to demonstrate that the construction schedule complies with the requirements of the Contract.

Additional construction schedules of shorter durations may be required by the Contractor, such as a

3-month look ahead construction schedule together with the Monthly Progress Report.

11.2 Approval of construction schedule

The construction schedule shall be controlled according to the progress diagram, critical paths, or Gantt chart of major work as required by the specifications respectively (prepared by the software specified by the Investor). The Subcontractor shall submit the prepared construction schedule and method statement of the Works to the Contractor for its approval. The Contractor will put forward a reasonable review of the construction schedule and method statement of the Works submitted by the Subcontractor with a time limit of 14 days for review.

If the Contractor proposes modifications, the Subcontractor shall modify and supplement the construction schedule and method statement of the Works, and submit the revised version of construction schedule and method statement of the Works to the Contractor within seven days after receiving the review, the Subcontractor shall organize the construction according to the revised version commented by the Contractor. Revised version of construction schedule and method statement of the Works commented by Contractor does not release the obligations and responsibilities of the Contract from Subcontractor.

The Subcontractor shall be responsible for the temporary transition works within the corresponding scope of the revised construction schedule and method statement.

11.3 Revision of the construction schedule

When the actual progress of the Works does not match the construction schedule in Clause 11.2 (This clause does not apply in the case of omission of work or dismissal of subcontractors in accordance with Clause 11.5) due to any reason or whenever requested by the Contractor, the Subcontractor can submit an application report with relevant measures and related data for revising the construction schedule to the Contractor within 7 days, which can be implemented after being reviewed by the Contractor. Thereafter, the Subcontractor shall submit a revised construction schedule to the Contractor for its comment.

11.4 Construction progress report

The Subcontractor is obliged to submit 8 copies of progress reports (along with an editable electronic version) to the Contractor on a monthly and weekly basis. The period covered by the first report shall be the first calendar month from the Commencement Date. The subsequent progress reports shall be submitted monthly, within 4 days of the end of the relevant cycle. The progress reports shall be submitted continuously until the Subcontractor has completed all remaining work as specified in the Taking Over Certificate issued on the completion date. Each report shall be in a form approved by the Contractor and shall include the following as a minimum:

(1) Charts and tables of relevant works and their detailed progress status in accordance with the construction schedule, including each design stage, Subcontractor's documents, procurement, preparation, transportation, construction, installation, and test at the construction Site;

(2) Pictures showing construction conditions and construction Site progress;

(3) Copies of quality assurance, test results, and material certificates, self-inspection records, inspection records;

(4) Safety statistics, including hazardous events and activities related to environment and public relations;

(5) Staff, labor, service providers and equipment engaged on the project with details of categories and engagement and status, including details and evidences of trainings/examinations undertaken and successfully passed

(6) Update of the construction schedule recording of actual commencement and completion dates for each activity.

(6) The comparison between the actual progress and the planned progress (tracking against the construction schedule), detailing the conditions that may cause delays in the completion of the Works and the measures that have been taken (or will be taken) to prevent delays;

(7) Detailed plan for the next month, including resource allocation

(8) The procedure of (third-party) submission of information and technical documents that may have a direct or indirect impact on the dynamics of the performance of contractual obligations, and the actual receiving date or ready receiving date of such information shall be indicated. The Subcontractor shall indicate all consequences of potential or actual delays resulting from information delivery on the construction schedule. This should include details and status of all submissions of documents as well as approval/clarification/information requests.

(9) Details of environmental monitoring performed and results thereof

(10) Details and status of non-conformities notified by the Contractor

(11) Details and status of materials required for the Works

(12) Weather data

If the Subcontractor has violated the construction schedule, it is obliged to correct it by strengthening shifts, extending them, or providing more employees, and has no right to increase costs or require additional payment.

11.5 Actual progress

At any time, if the Subcontractor's (1) actual progress is too slow to meet the requirements of the Completion Date; or (2) actual progress has fallen (or will fall) behind the overall construction schedule as approved by the Investor or as determined by the Contractor, and such phenomenon is not the result of the reasons stated in the clause for delay, the Contractor may require the Subcontractor to submit a revised construction schedule with the Subcontractor's measures to accelerate the progress of the Works, and the costs of such measures shall be borne by the Subcontractor, and if the Investor or the General Contractor initiates a claim against the Contractor due to the Subcontractor's delay, the Subcontractor shall reimburse the relevant costs to Contractor.

If the General Contractor adjusts the Time for Completion, the Contractor has the right to require the Subcontractor to adjust the Time for Completion, and the Subcontractor shall cooperate with the

Contractor in claiming additional costs incurred by the General Contractor as a result of its adjustments to the Time for Completion, and the Contractor shall not pay the Subcontractor until the Contractor receives payment of such costs from the General Contractor.

If the construction time exceeds 30% of the agreed Time for Completion of the Contract, but the Interim Payment Certificate confirmed by the Contractor is less than 20% of the amount of this Contract Price; or the construction time exceeds 50% of the agreed Time for Completion of the Contract, but the Interim Payment Certificate confirmed by the Contractor is less than 40% of the amount of this Contract Price; or the construction time exceeds 70% of the agreed Time for Completion of the Contract, but the Interim Payment Certificate confirmed by the Contractor is less than 60% of the amount of this Contract Price; or the construction time exceeds 90% of the agreed Time for Completion of the Contract, but the Interim Payment Certificate confirmed by the Contractor is less than 80% of the amount of this Contract Price; or the Subcontractor fails to complete all of its contractual obligations at the end of the Time for Completion, the Contractor has the right to omit part or all of the work and introduce other subcontractors to implement it or implement it by itself, and to dismiss the Subcontractor, the Contract Price shall be reduced accordingly and any related additional costs shall be borne by the Subcontractor.

12. Document and archive management

12.1 Development of archive management and document receiving and sending methods

12.1.1 The Subcontractor shall, in accordance with the relevant requirements of the Contractor, develop archive management and document receiving and sending methods in combination with the actual situation of the Works. The management personnel, issuer, mailbox, and fax method shall be fixed, the standard formats shall be developed, the design documents, meeting minutes, letters, resolutions, change documents, inspection records, construction logs, measurement data, test data, opinions of the Investor and the Supervisor, quality documents, acceptance records, including audio-visual data, etc. during the project implementation shall be carefully managed and approved in advance.

12.1.2 The documents must be complete, true, accurate, confidential, traceable, fireproof and anti-

theft, the counterfeiting is strictly prohibited. The project managers of both the Subcontractor and the Contractor will regularly check the status of archive management.

12.1.3 The document transmission shall be confirmed by telephone or other accepted communication method to the other party for receipt, and the receiving party shall give a return receipt.

12.1.4 When the file management personnel change, it must be informed to the other party and complete the handover procedures.

12.2 The archive management obligations of the Subcontractor

12.2.1 The Subcontractor shall record and maintain real-time audio-visual data of the covered works that illustrate the Subcontractor's construction in accordance with the relevant standards and make them available to the Contractor.

12.2.2 The Subcontractor shall carefully keep all documents held until they are handed over to the Contractor. The Subcontractor is obliged to submit 6 copies of the Subcontractor Documents to the Contractor.

12.2.3 The implementation status of the Works under the Contract shall be described in the construction log maintained by the Subcontractor. The construction log shall be available for submission to the Contractor's representative at any time during working hours.

12.2.4 The Subcontractor shall complete the data in the construction log as required by the Contractor and submit it to the Contractor in time.

12.3 Delivery and review of documents and data

12.3.1 The Subcontractor shall provide the Contractor with paper documents and data, and electronic documents and data in PDF format, unless other formats are specified, in English and Serbian, and when different language versions of the documents are provided at the same time, the English version shall prevail.

12.3.2 While submitting paper documents and data, the Subcontractor shall submit electronic documents through the Contractor to the General Contractor and Investor, which shall be editable corresponding electronic documents (USB flash drives) and documents that meet the following requirements.

(1) All electronic documents corresponding to the textual documents and data (including forms) shall be in PDF format, unless other formats are specified.

(2) All electronic documents corresponding to the drawings shall be in DWF format, and must meet the requirements of the Investor and the Contractor.

(3) The electronic documents and data shall be named corresponding to the drawing documents number for easier understanding.

(4) The electronic documents and data provided each time shall be accompanied by the corresponding table of contents, which shall contain the name, number and other data.

12.3.3 As required by the Contractor, the Subcontractor shall develop a schedule for the delivery of documents and data approved by the Contractor, and submit it to the Contractor. If it is not delivered to the Contractor on time and the Contractor's work is affected, the Subcontractor shall inform the Contractor of the impediment or delay and the possible effects and submit an effective remedy to the Contractor within 7 days.

12.3.4 In certain special circumstances, if the Subcontractor is requested to deliver the documents in advance or the Contractor has other requirements, the Subcontractor shall agree.

12.3.5 The Subcontractor's documents shall include the technical documents specified in the Contract, documents submitted for approval to meet all regulatory requirements, and other documents to be provided by the Contractor as agreed in Article 20.2 of [As-built documents] and in the Contract.

12.3.6 If the documents to be submitted to the Investor for review are stipulated in the Commercial Contract and the Civil and Track Engineering (Lot NS-I) Subcontract, the Subcontractor shall handle them

in accordance with the corresponding provisions of the Commercial Contract and the Civil and Track Engineering (Lot NS-I) Subcontract under the unified management of the Contractor. All documents and materials of the Subcontractor must be bound and printed in accordance with the local specifications of Serbia and stamped with the project department seal of the Subcontractor; the delivery time of the documents in hard and electronic copy prepared by the Subcontractor shall be the date when they are signed for receipt by Contractor, and the Subcontractor shall ensure that the electronic copy is consistent with the hard copy.

12.3.7 After delivering the documents, the Subcontractor shall participate in the review by the Investor, the General Contractor or the Contractor, and resubmit the documents after modification and supplementation.

12.3.8 The Subcontractor is obliged to submit the relevant information reasonably requested by the Contractor to determine whether the Subcontractor complies with the provisions of this Contract.

12.4 Use of Subcontractor's documents by Contractor

In order to implement this Contract, the Contractor has the right to copy, use and disseminate such documents.

12.5 Use of Contractor's documents by Subcontractor

The Contractor reserves all copyrights and other intellectual property rights of all documents prepared by it. In order to implement this Contract, the Subcontractor has the right to copy, use and disseminate such documents, at its own expense. Unless necessary matters related to execution of the Works from this Contract are to be implemented, the Subcontractor has no right to copy, use or disseminate such documents to third parties without the approval of the Contractor.

12.6 Duty of confidentiality

Either party shall keep the information confidential, and shall not disclose the information (including all or part of the contents of this Contract, information provided by either party to the other party and

clearly indicated that it shall be kept confidential, etc.) to any third party. Any party or its personnel who violates the provisions of this clause will be deemed to be in breach of this Contract, and the defaulting party shall bear the legal liabilities and economic losses caused thereby to the other party. The confidentiality period is indefinite. For the purpose of obtaining the required bank guarantees, on behalf of the receivables from this Contract, pledge rights may be established in favour of the bank (the bank that issued the required guarantees). In this regard, at the written request of the bank in whose favor the pladge is registered, the contracting parties agree that the funds under this Contract shall be directed to the current account specified in the request.

The parties agreed that the Subcontractor can pledge this Contract only for the purpose of obtaining Performance guarantees or the other guarantees which are exclusively related to the Contract. This kind of pledge may be exclusively in the amount of the guarantee for which it is given in pledge, including the costs of bank processing of the same guarantee. The Subcontractor can give this Contract for this kind of pledge only once, and the giving contract for the pledge to several financial institutions for obtaining the guarantee is strictly forbidden. During giving the Contract for obtaining the guarantee, it is strictly forbidden to give The contract in the sub-pledge, as the pledge can not be given, assigned, or transferred to the third party.

13. Commencement and Completion

13.1 Commencement

13.1.1 The Contractor shall deliver the commencement notices to the Subcontractor 7 days before the Commencement Date. The Time for Completion shall be calculated from the Commencement Date specified in the issued commencement notice of Work. The Subcontractor shall carry out the construction as soon as possible after the Commencement Date.

13.1.2 The Subcontractor shall submit commencement report form to the Contractor according to the practical construction schedule and method statement before commencement. The commencement report form shall specify in detail the implementation of construction organization measures such as construction

roads, temporary facilities, materials, equipment and construction personnel required for normal construction.

13.2 Completion

The Subcontractor has the obligation to complete the construction of all the Works of this Contract within the Time for Completion for the Works, including obtaining the qualification test result upon completion, and completing all the work required for the handover of Works according to the relevant regulations and this Contract including WSD and Table of Prices and Drawings.

13.3 The Time for Completion: 16 calendar months from the date written in the Notice of Commencement issued by Contractor to Subcontractor and it shall meet the overall time for completion of the General Contractor's Novi Sad - Subotica - Kelebija Railway Project.

13.4 Defects Notification Period: within one year after the Subcontractor receives the Taking Over Certificate from the Contractor.

13.5 Warranty Period: from the date when the Subcontractor receives the Taking Over Certificate from the Contractor, till the expiry of the subsequent five-year period (including the Defects Notification Period).

13.6 Delay of the Time for Completion

If the project is delayed due to the following reasons, the Subcontractor shall keep relevant records and cooperate with the Contractor to claim extension of Time for Completion to the General Contractor or the Investor:

(1) Where the Investor or the General Contractor puts forward variations (unless the adjustment of completion time has been approved);

(2) Exceptionally adverse weather conditions. Exceptional is defined as being above the average of 10 years prior the date of signing of the Contract;

(3) Unforeseen shortage of goods or personnel due to Serbian government actions;

(4) Delay, interference or obstruction caused by the Investor, the Investor's personnel, the General Contractor and the General Contractor's personnel; or

(5) Other circumstances that may lead to delay in accordance with the Commercial Contract or the Civil and Track Engineering (Lot NS-I) Subcontract.

13.6.1 Delay of Time for Completion caused by Subcontractor

If the work fails to be completed according to the construction schedule of this Contract due to the Subcontractor's reasons, or if the Contractor, the General Contractor and the Supervisor deemed that the Subcontractor's construction schedule cannot meet the requirements of this Contract, the Subcontractor shall take measures to speed up the schedule and bear the increased costs for speeding up the schedule. If the Time for Completion is delayed due to the Subcontractor, the delay damages shall be paid by the Subcontractor. The calculation method of delay damage shall be applied in accordance with Article 13.6.3, and the Subcontractor shall pay the delay damage, which shall not relieve the Subcontractor of its obligation to complete the Works and remedy defects in accordance with this Contract.

If the Works cannot be completed in accordance with the construction schedule due to the Subcontractor's reasons, the Subcontractor shall be liable for the breach of Contract. If the Works cannot be completed in accordance with the construction schedule due to the Contractor's reasons, the Contractor may extend the Time for Completion for the Subcontractor after its approval by the General Contractor and the Investor.

If the Subcontractor's project progress does not meet the construction schedule of the Works, and the construction efficiency cannot be effectively improved despite the urging of the Contractor, which leads to the situation in Article 11.5, the Contractor has the right to omit all or part of the Subcontract with 14 days' advance notice. After issuing the omission notice specified in this Article, the Contractor may omit part of the subcontracted work, and has the right to have the Contractor or a third party implement this

part of the subcontracted work and make up for any defects therein. The resulting expenses shall be borne by the Subcontractor, and the Contractor may deduct the expenses from the payment to be paid to the Subcontractor. Omission of part of the Subcontractor's Contract by the Contractor shall not affect the remaining works of the Contract that have not been omitted.

13.6.2 Delay caused by Serbian government

In case of the following conditions:

(1) The Subcontractor has taken relevant actions in full accordance with the regulations of the government departments of the Republic of Serbia and these regulations were announced after the Base Date;

(2) The relevant government departments have delayed or interfered with the Subcontractor's work;

(3) There is a delay or the interference is not predictable,

The Subcontractor shall keep relevant records and cooperate with the Contractor to obtain additional payment and/or an extension of time through the General Contractor from the Investor.

13.6.3 Delay Damages

If the Contractor suffers delay damages due to the claim by the General Contractor related to the Subcontractor's Works, the Subcontractor is obliged to pay the delay damages to the Contractor. The amount of delay damages is consistent with the amount claimed by the General Contractor towards the Contractor. The Contractor has the right to deduct the amount of delay damages from any payment to be paid to the Subcontractor. If it is still insufficient, the Subcontractor shall make up for the claimed amount.

14. Suspension of Construction

14.1 Subcontractor's responsibility to suspend construction

Within the scope of this Contract, the Subcontractor shall bear the increased costs and/or delay damages due to the following suspensions of construction:

(1) Suspension of construction caused by Subcontractor's breach of Contract;

(2) Suspension of construction necessary for reasonable construction and safety guarantee of the Works due to Subcontractor's default;

(3) Suspension of construction by the Subcontractor without authorization;

(4) Suspension of construction caused by Subcontractor due to other reasons.

14.2 Contractor's responsibility to suspend construction

In case of suspension of construction due to the Contractor's reasons, the Subcontractor shall suspend the construction and take corresponding measures according to the Contractor's instructions. In case of Time for Completion delay caused by the suspension of construction, the Contractor shall negotiate with the Subcontractor to extend the Time for Completion and to agree on a revised construction schedule.

14.3 General Contractor or Supervisor's instructions to suspend construction

When the General Contractor or Supervisor thinks it is necessary, they may give instructions to the Contractor to suspend construction, and the Subcontractor shall suspend construction according to the instructions of the General Contractor or the Supervisor forwarded by Contractor. No matter what causes the suspension of construction, the Subcontractor shall be responsible for properly protecting the works and providing safety measures during the suspension of construction.

If the General Contractor or the Supervisor or the Contractor informs that the suspension of construction is due to the Subcontractor's default and responsibility, the Subcontractor has no right to an extension of time or claim any compensation.

If the Subcontractor is delayed and/or incurs costs in complying with the suspension notice issued by the Supervisor due to a non-Subcontractor default, the Subcontractor shall notify the Contractor and cooperate with the Contractor to apply to the General Contractor and the Investor for:

(1) an extension of the Time for Completion, if it has been postponed or will be postponed;

(2) the claim for the expenses incurred by such suspension.

14.4 Resumption of work after suspension of construction

14.**4.1** After the suspension of construction, the Subcontractor shall take effective measures to actively eliminate the influence of the suspension of construction. When the works meet the conditions for resuming work, the Contractor shall immediately send a notice of resumption of work to the Subcontractor. After receiving the notice of resumption of work, the Subcontractor shall resume work within the time limit specified by the Contractor.

14.**4.2** If the Subcontractor delays or refuses to resume work without justified cause, the increased costs and delays shall be borne by the Subcontractor.

15. Construction Quality

15.1 Construction quality requirements

15.1.1 The Subcontractor's documents, the construction and completed works shall comply with the design documents, Serbian planning and construction laws, railway safety and interoperability laws and other relevant laws and regulations, the Commercial Contract, the Civil and Track Engineering (Lot NS-I) Subcontract and this Contract.

15.1.2 If the construction quality fails to meet the acceptance standard agreed in the Contract due to the Subcontractor's default, the Contractor has the right to require the Subcontractor to rework until it meets the Contract requirements, and the resulted cost and/or delay in Time for Completion shall be borne by the Subcontractor.

15.1.3 If the construction quality fails to meet the acceptance standard agreed in the Contract due to the Contractor's default, the Contractor shall bear the incurred cost and/or delay in Time for Completion caused by the rework of the Subcontractor.

15.1.4 In case of a construction quality accident during the performance of the Contract, the responsible party shall bear the corresponding economic losses according to the accident liability

determined by the accident investigation department.

15.1.5 Within the Warranty period after the acceptance of the railway project, if economic losses are caused in major traffic accidents or those below major level on the railways due to the construction quality, the accident liability shall be determined in accordance with the relevant regulations of Serbia. According to the accident liability determined by the accident investigation department, the Subcontractor shall compensate for the direct economic losses caused in the accident according to its responsibilities.

15.1.6 The Subcontractor shall keep the quality responsibility record for the management, technology and operation personnel specifically responsible for this Contract, and the Subcontractor shall be responsible for the construction quality in lifetime of the Works performed by this Contract.

15.1.7 The Contractor shall manage the whole construction process, including the construction quality, safety and environmental protection, water and soil conservation, and stability, and shall order the Subcontractor to rework or rectify the technical, quality and other problems of the construction in the Contract during the inspection, and shall have the right to order the Subcontractor to solve the potential hazards in Works.

15.1.8 The Contractor has the right to directly issue a suspension order and a resumption order for constructions with quality problems or potential quality hazards.

15.1.9 In the event that the Subcontractor fails to comply with a Contractor's instruction under this Clause to the satisfaction of the Contractor and/or General Contractor and/or Supervisor and/or Investor, then the Contractor may, after giving a 7-day advance notice, engage a third-party entity to perform the required works as described in the notice, or perform them itself, at the Subcontractor's expense. The Subcontractor shall be fully responsible for all works and repairs done by the third-party entity or the Contractor and the full cost of having third-party entity or the Contractor remedy the non-compliance shall be deducted from any amount due to the Subcontractor.

15.2 Subcontractor's quality management

15.2.1 The Subcontractor shall establish a Quality Assurance System/QAS to prove that it complies with the requirements of this Contract and the Commercial Contract; the system shall comply with the Commercial Contract and this Contract, and the Contractor has the right to review any contents of the system.

15.2.2 The Subcontractor shall carry out construction and quality acceptance in strict accordance with the technical standards and quality acceptance standards specified in the Commercial Contract and the approved construction drawings.

15.2.3 Details of all procedures and the compliance documents shall be submitted to the Contractor before each design and construction stage begins. When documents of any technical type are issued to the Contractor, the relevant documents shall be accompanied by evidence of prior approval by the Subcontractor.

15.2.4 Before the installation of materials and equipment, the Subcontractor is obliged to submit evidences, certificates, certificates of origin and other documents to the Contractor according to the laws and regulations of the Republic of Serbia and as may be required, and the Contractor shall submit them through the General Contractor to the Supervisor.

15.2.5 The Subcontractor shall set up a special quality inspection organization with full-time quality inspectors for a perfected quality inspection system. The Subcontractor shall, within 14 days after signing the Contract, submit the documents of construction quality assurance measures, including the organization chart and responsibility of the quality inspection organization, composition of quality inspection personnel, quality inspection procedures and implementation details to the Contractor.

15.2.6 The Subcontractor shall strengthen the quality education and technical training for the construction personnel, regularly assess the labor skills of the construction personnel, and strictly implement the specifications and operating procedures. The personnel are strictly prohibited to work without training.

15.2.7 The Subcontractor shall establish operation key cards for construction procedures of the Works to ensure the quality of each procedure, and shall work with other subcontractors for the workflow. The Contractor shall organize the workflow between them before and after the construction.

15.3 Subcontractor's quality inspection

The Subcontractor must inspect the materials, concrete, components and equipment according to regulations prior making submissions to the Contractor, and it is strictly prohibited to use unqualified materials, products and equipment.

15.4 Quality inspection by Contractor, General Contractor or Supervisor

The Contractor, the General Contractor or the Supervisor have the right to inspect all parts of the construction and the technology, materials and Engineering Equipment used. The Subcontractor shall provide convenience for the inspection of the Contractor, the General Contractor or the Supervisor, including when the Contractor, the General Contractor or the Supervisor going to the construction Site, the manufacturing and processing place, or other places agreed in the Contract to inspect and consult the original construction records. The Subcontractor shall also carry out sampling test, engineering rechecks measurement and equipment performance test on the construction Site, provide test samples, submit test reports and measurement results and other work required by the Contractor, the General Contractor or the Supervisor. The inspection by the Contractor, the General Contractor or the Supervisor shall not exempt the Subcontractor from the responsibilities as agreed in the Contract. The Subcontractor shall select a qualified laboratory for inspection according to the requirements of the design documents, and the inspection items, inspection frequency or third-party inspection requirements shall be strictly implemented in accordance with the design documents.

15.5 Inspection before covering construction works

15.5.1 Notification to Supervisor for inspection

After the parts of Works that are to become covered are inspected by the Subcontractor and have met

the covering conditions, the Subcontractor shall notify the Contractor, and the Contractor, the General Contractor and the Supervisor shall inspect them within the agreed time limit. Self-inspection records and necessary inspection data shall be attached to the notice from the Subcontractor. The Contractor, the General Contractor and the Supervisor shall be present for inspection on time. After the Contractor, the General Contractor and the Supervisor check and confirm that the quality meets the requirements, and sign the inspection record, the Subcontractor may start the covering. If the Subcontractor fails to attend the inspection, the conclusions of the Contractor or General Contractor or Supervisor shall be accepted as accurate. If the Contractor and the Supervisor check and confirm that the quality is unqualified, the Subcontractor shall repair and rework the parts within the time indicated by the Contractor, the General Contractor and the Supervisor, and then the Contractor, the General Contractor and the Supervisor shall re-check the parts following the Subcontractor's repeated request for inspection.

15.5.2 Absence of Supervisor for inspection

If the General Contractor and the Supervisor fail to check at the time agreed in Item 15.5.1, the Subcontractor may complete the covering work with the consent of the Contractor, unless otherwise instructed by the Supervisor, make corresponding records, and submit them to the Contractor for signing and confirmation. In case the Contractor has any doubt about the inspection records afterwards, the Contractor may re-inspect the records according to the stipulations in Item 15.5.3.

15.5.3 Re-inspection by Supervisor

After the Subcontractor covers the parts of the Works according to Article 15.5.1 or Article 15.5.2, if the General Contractor and the Supervisor have doubts about the quality, they may require the Subcontractor to drill holes for detection or uncover the covered parts for re-inspection, and the Subcontractor shall comply with the requirement and re-cover them for restoration after inspection. If it is proved through inspection that the construction quality meets the requirements of the Contract, the Contractor shall bear the increased costs and/or delay in Time for Completion; if it is proved through inspection that the construction quality does not meet the requirements of the Contract, the increased costs

and/or delays in Time for Completion shall be borne by the Subcontractor who shall remedy as instructed. If the Subcontractor fails to attend the inspection, the conclusions of the Contractor or General Contractor or Supervisor shall be accepted as accurate.

15.5.4 Unauthorized covering by Subcontractor

If the Subcontractor fails to notify the Contractor, the General Contractor and the Supervisor to attend the inspection and covers the construction parts to be covered without permission, the Contractor, the General Contractor and the Supervisor shall have the right to instruct the Subcontractor to drill holes for detection or uncover the covered parts for inspection, and the increased cost and/or delay in Time for Completion shall be borne by the Subcontractor.

15.6 Clearing of unqualified works

If the Subcontractor uses unqualified materials and Engineering Equipment, or adopts inappropriate construction techniques or improper construction, resulting in unqualified works, the Contractor may issue instructions at any time, requiring the Subcontractor to take immediate measures to remedy them until they meet the quality standards required by the Contract, and the increased costs and/or delays in Time for Completion shall be borne by the Subcontractor. In the event that the Subcontractor fails to comply with a Contractor's instruction under this Clause to the satisfaction of the Contractor and/or General Contractor and/or Supervisor and/or Investor, then the Contractor may, after giving a 7-day advance notice, engage a third-party entity to perform the required works as described in the notice, or perform them itself, at the Subcontractor's expense. The Subcontractor shall be fully responsible for all works and repairs done by the third-party entity or the Contractor and the full cost of having third-party entity or the Contractor remedy the non-compliance shall be deducted from any amount due to the Subcontractor.

16. Testing and Inspection

16.1 Testing and inspection of materials, Engineering Equipment and construction

16.1.1 The Subcontractor shall conduct testing and inspections of materials, Engineering Equipment and construction as agreed in the Contract, and provide necessary testing data and original records for the

quality inspection of the above materials, Engineering Equipment and construction by the Contractor, the General Contractor and the Supervisor. According to the Contract, the Contractor, the General Contractor and the Supervisor shall jointly conduct the testing and inspections, and the Subcontractor shall be responsible for providing necessary testing data and original records. If the Subcontractor fails to attend the testing or inspection, the conclusions of the Contractor or General Contractor or Supervisor shall be accepted as accurate.

16.1.2 If the General Contractor and the Supervisor fail to send personnel to participate in the testing and inspection at the agreed time, the Subcontractor may conduct the testing and inspection with the consent of the Contractor and shall immediately submit the testing and inspection results to the Contractor for signing and confirmation, unless otherwise instructed by the Supervisor.

16.1.3 If the Contractor, the General Contractor and the Supervisor have doubts about the testing and inspection results of the Subcontractor, or require the Subcontractor's re-test and re-inspection in order to find out the reliability of the results, the Contractor, the General Contractor and the Supervisor may jointly conduct the testing and inspection according to the Contract. If the re-testing and re-inspection results prove that the quality of the material, Engineering Equipment or construction does not meet the requirements of the Contract, the increased cost and/or delay in Time for Completion shall be borne by the Subcontractor.

16.2 On-Site material testing

16.2.1 For the on-Site material testing, the Subcontractor shall provide the testing Site, testing personnel, testing equipment and other necessary testing conditions according to the Contract or the instructions of the Contractor, the General Contractor or the Supervisor.

16.2.2 The Contractor, the General Contractor or the Supervisor may use the Subcontractor's testing Site, testing equipment and other testing conditions when it is necessary to conduct recheck material testing for the purpose of construction quality inspection, and the Subcontractor shall provide assistance.

16.3 On-Site process testing

The Subcontractor shall conduct on-Site process testing according to the Contract or the Contractor's instructions. For large-scale on-Site work-craft trial, if the Contractor deems it necessary, the Subcontractor shall prepare a process testing measure plan according to the process testing requirements put forward by the Contractor and submit it to the Contractor for approval.

16.4 Tests on completion

The Subcontractor shall notify the Contractor 14 days in advance of a certain date, stating that it is ready to carry out the completion test after that date. Unless otherwise agreed, such inspection shall be carried out within 14 days after that date instructed by the Contractor.

The tests on completion shall be carried out in accordance with the criteria specified in the laws of the Republic of Serbia and the construction design.

The Announced Body shall verify whether the implemented works and installed equipment comply with Serbian standards in accordance with Article 4 of the Contract.

If the tests on completion are delayed for improper reasons due to the Subcontractor, the Contractor is entitled to notify the Subcontractor and require the Subcontractor to carry out such tests within14 days after receiving the notice. The Subcontractor shall carry out the inspection on such day as it may determine during this period and notify the Contractor of the date.

If the Subcontractor fails to carry out the tests on completion within 14 days, the Contractor may carry out the tests at the Subcontractor's risk and cost. The tests on completion shall be deemed to have been carried out in the presence of the Subcontractor and the test results shall be deemed to be valid.

If the works or part of the works fail to pass the tests on completion due to the Subcontractor, it shall be deemed that the works are rejected, and the General Contractor, the Supervisor or the Contractor may require the Subcontractor to repeat such failed tests under the same terms or conditions. If the negative test results are related to traffic safety, the construction shall be stopped in accordance with the provisions

of Law and Railway Safety and Interoperability Law of Serbia until the traffic safety defects are repaired.

If the works fail to pass the repeated tests on completion, the Subcontractor shall, in accordance with the instructions of the Contractor, the General Contractor or the Supervisor:

(1) Carry out the tests on completion again;

(2) If the Investor is generally unable to enjoy all the benefits brought by the Project due to the fault, the whole project (as the case may be) shall be rejected. In this case, the Subcontractor shall compensate the Contractor in the amount claimed by the General Contractor to the Contractor and other losses of the Contractor.

17. Variation

17.1 Scope and contents of change

Any variation of the Subcontractor on the Works shall meet the relevant provisions in the Commercial Contract.

For any variations related to design, the Subcontractor must obtain the written permission of the Contractor, the General Contractor and the Investor. Without the written approval of the Investor, the General Contractor and the Contractor, the Subcontractor shall not request value of variation to be included in the Contract Price. At any time prior to the issue of the Taking Over Certificate for the Works, the Contractor may propose a variation order by issuing an instruction or by requiring the Subcontractor to submit a proposal, and the Subcontractor shall implement and be bound by each variation order unless the Subcontractor immediately notifies the Contractor (with specific supporting particulars attached) and explains: (1) The Subcontractor is unable to obtain the goods required for the variation in time; (2) The variation will reduce the safety or suitability of the works; or (3) The variation will have a negative impact on quality. The cost of preparing the proposal shall be borne by the Subcontractor.

17.2 Variation proposed by the Investor or the General Contractor or the Contractor

When the Investor, the General Contractor or the Contractor propose variation, the Subcontractor

shall actively cooperate and negotiate with the Investor through the Contractor on the impact of the variation on the Subcontract price and construction schedule. During the period waiting for confirmation by the Investor, the General Contractor or the Contractor, the Subcontractor shall not delay the works proposed by the subject variation, and the Subcontractor shall adjust its obligations under the Contract of construction, procurement, and installation to ensure the contractor's compliance with General Contractor.

17.3 Variation procedure

If the Investor or the General Contractor requires a proposal before issuing a variation order, and such variation involves the works contracted by the Subcontractor, the Subcontractor shall respond in writing to the Contractor as soon as possible, or put forward the reasons for its failure to do so (if this is the case), or cooperate with the Contractor and the Design Subcontractor to submit:

(1) The description of the proposed design and (or) work to be completed, as well as the construction schedule;

(2) The Subcontractor's proposal to make necessary modifications to the construction schedule according to the requirements of the Contractor's schedule and Time for Completion;

(3) The Subcontractor's proposal for adjusting the Contract Price.

The Contractor shall forward each variation order proposed by the Investor or the General Contractor to the Subcontractor. The Subcontractor shall keep records for each variation without suspending or delaying any work while waiting for a reply.

17.4 Evaluation of variation

17.4.1 In case the reduction in the scope of works due to the Investor/Supervisor/General Contractor, the instructions of the Investor/Supervisor/General Contractor will be followed. If the variation leads to a reduction in the Scope of Works and the Contract price during the 'work performance' period, the General Contractor shall deduct the corresponding amount from the Contractor in accordance with Article 18.2. If the reduced scope of works in question belongs to a Subcontractor, the Contractor has the right to deduct the same amount from the Subcontractor's contract value.

17.4.2 In case the variation results in increase in Scope of Works, Contract Price during construction period, the price shall be negotiated separately subject to Article 18.2.

17.5 Subcontractor's proposal

The Subcontractor may submit a written proposal to the Contractor at any time, which, once adopted, will help (in the Subcontractor's opinion): (1) Accelerate the completion of works; (2) Reduce the cost of the Investor's implementation, maintenance or operation of the works; (3) Enhance the efficiency or value of the Investor's completed works; or (4) Bring other benefits to the Investor.

During the implementation of the Project, the Contractor shall reward the reasonable suggestions put forward by the Subcontractor for reducing the contract price, shortening the construction period or improving the economic benefits of the Project, which shall be implemented in accordance with the relevant regulations of the General Contractor and/or the relevant management methods formulated by the Contractor.

At any time prior to the issue of the Taking Over Certificate for the works, the Contractor may propose a change by issuing an instruction or by requiring the Subcontractor to submit a proposal. After the Contractor formally issues the instruction to execute the variation, the Subcontractor shall immediately and unconditionally accept and implement it.

17.6 Adjustments due to regulatory changes

In the case that the laws of the Republic of Serbia (including the adoption of new laws and the repeal

or amendment of existing laws) or the judicial or official governmental interpretation of such law changes after the Base Date, if the Subcontractor suffers (or will suffer) delay and/or generates (or will generate) any extra cost due to such changes in law or interpretation after the Base Date, the Subcontractor shall immediately notify the Contractor, and both parties shall actively cooperate to negotiate with the General Contractor and the Investor on the Contract Price and Time for Completion. Once determined, the Subcontractor shall adjust its obligations under the Contract of construction, procurement, and installation to ensure Contactor's compliance towards General Contractor.

18. Price and adjustment

18.1 Contract Price

18.1.1 The Contract is a fixed lump-sum price contract. The Contract Price is USD 9.957.882,00 (tax-exclusive) (in words: NINE MILLION NINE HUNDRED FIFTY SEVEN THOUSAND EIGHT HUNDRED EIGHTY TWO DOLLARS).

On Contract price shall be applied additional discount in amount of 2% (in words: two percent), so the final Contract price is USD 9.758.724,36 (tax-exclusive) (in words: NINE MILLION SEVEN HUNDRED FIFTY EIGHT THOUSAND SEVEN HUNDRED TWENTY FOUR and 36/100 DOLLARS). VAT shall be calculated according to the Serbian VAT law.

Additional discount shall be expressed in every Interim Payment Certificate and in Final Payment Certificate.

The Contract Price shall not be adjusted except in the case of Article 18.2 hereof, and the Contract Price shall include all the obligations assumed by the Subcontractor under the Contract, including but not limited to provide necessary construction machines and tools, equipment, materials and consumables, and labor in order to complete the Works according to the technical specification and standards, conduct installation, completion acceptance and test, commissioning, defect repair and quality and safety inspection, and be responsible for the construction of roads entering the Site and the maintenance of local roads, access route (access road), borrow pits, quarries, dumping Sites, material storage Sites, personnel accommodation, office camps, the mobilization of water, electricity, personnel and machinery, the construction and maintenance of traffic diversion, and the construction measures in rainy seasons and winter required for the implementation of the Works; in addition, it shall bear all expenses such as safety protection fee, management fee, temporary and transitional engineering fee, engineering maintenance fee, incentive and restraint assessment expenses, price of contracts signed by the Contractor on behalf of the Subcontractor, taxes, insurance premium, subcontracting risk cost, permit and license required for construction, profit and any other expenses related to project implementation.

18.1.2 Construction safety cost is included in the Contract Price.

18.1.3 Subcontractor's risk cost

The Contract Price includes the risk cost that the Subcontractor may incur in implementing the Works. This part of the risk cost includes but is not limited to the following:

(1) Losses caused by Non-Force Majeure and the cost of preventive measures taken against them;

(2) Losses and increased measure expense caused by adjustment of construction schedule and method statement;

(3) Insurance premium for Works;

(4) The increased cost for the variation of the construction technology/work-craft of the working items that are not listed in the WSD and Table of Prices that are mandatory to complete the Works;

(5) Incentive and restraint assessment expenses;

(6) Quantity difference between actual works performed on Site and construction drawings, and quantity difference between WSD/Table of Prices and the works performed on Site;

(7) Risk resorting from the change in cost of labor, materials and equipment;

(8) Working items not included in the construction drawings/WSD/Table of Prices have to be performed for the Works to achieve its intended purpose according to the requirements of relevant regulations, technical specifications, actual needs for implementation and operation of the railway.

18.1.4 The working items included in the Contract Price will be listed in Appendix 1 WSD and Appendix 2 Table of Prices. The working items included in the construction drawing but not reflected in Appendix 1 WSD and Appendix 2 Table of Prices shall be deemed to have been included in working items in Appendix 1 WSD and Appendix 2 Table of Prices.

18.2 Adjustment

18.2.1 During the performance of the Contract, the Subcontractor shall not adjust the Contract Price in principle except in accordance with the relevant provisions of the Contract. Any change in the Contract Price (if any) shall not affect the validity of any other Articles of the Contract.

18.2.2 If the increase or decrease of cost caused by unpredictable changes in external conditions (especially including, but not limited to, wars, disrupted supply chains, gas/oil crisis, etc), adjustment of Serbian laws and regulations after Base Date, instructions of the Investor or the Supervising Engineer or the General Contractor, claims jointly proposed by the Contractor and the Subcontractor, and the compensation for claims meet the conditions for price adjustment of the Commercial Contract, the Contract Price can be adjusted accordingly after negotiation between both parties after obtaining the approval of the Investor and the General Contractor.

18.2.3 The Contractor has the right to propose variations according to the needs of the Works, and the Subcontractor shall strictly implement the works according to design for variations. If the price adjustment conditions are met, the Contract Price shall be adjusted accordingly with reference to the relevant Articles of the Contract.

18.2.4 During the implementation of the Works, the Subcontractor is encouraged to optimize the design, and the saved project cost will be distributed to the Contractor and the Subcontractor according to the Contractor's management methods.

18.2.5 The Subcontractor agrees that they themselves bear the risk of possible differences in quantities between the Appendix 1 WSD, Appendix 2 Table of Prices, the construction drawings and the actual work performed by Subcontractor, and that they have no right to claim for any additional cost (except for variations and claims approved by the Investor) from the Contractor. For the claimed amount from variations approved by the CCECC/General Contractor to Contractor, the Contractor will charge to the Subcontractor the management fee at the percentage of 12% of the approved amount by CCECC/General Contractor, but the bases for calculation of the management fee does not include the work

performance safety cost of Contractor and Contractor's risk cost (if any) in the amount approved by the Investor. The Contractor and Subcontractor shall equally divide the approved claimed amount for extension of Time for Completion if the extension of Time for Completion approved by the Investor is directly connected to the Scope of Works of Subcontractor.

18.3 Performance bank guarantee

18.3.1 The Subcontractor shall submit the performance guarantee to the Contractor within 75 days after signing the Contract. The rating of the bank issuing the letter of guarantee shall meet the requirements of Contractor, and the format of the bank guarantee shall be approved by the Contractor. Performance Bank Guarantee will have validity 28 days after expiry of Defect Notification Period which is 12 months from the date of Taking Over Certificate. But the Subcontractor is obliged to extend the Performance Guarantee under article 5.2.1 if the Time for Completion or Defects Notification Period is extended or if the Works are not completed.

All guarantee issued by the bank is irrevocably unconditionally without protest, at first sight, and without additional conditions for payment and complies with URDG 758 international standards.

18.3.2 The performance bank guarantee provided by the Subcontractor to the Contractor shall be 10% of the Contract Price. The original performance bank guarantee shall be kept by the Contractor. All expenses required for issuance of the above guarantee shall be borne by the Subcontractor.

No amount will be paid until the Contractor has received and approved the Performance Guarantee and Advance payment guarantee.

19. Measurement and payment

19.1 Measurement

19.1.1 Unit of measurement

See the unit of measurement in Appendix 2 Table of Prices of the Contract.

19.1.2 Measurement basis

(1) The Contract (including supplementary or Annexes/Appendixes to Contract);

(2) Appendix 1 WSD and Appendix 2 Table of Prices of the Contract and confirmed quantity of works actually completed in the current period;

(3) Relevant progress and quality documents approved by the Contractor;

(4) Approved construction drawings and approved optimized design;

(5) The certificate of quality conformity;

(6) Approved documents related to additional works and reduced works;

(7) Products, services and materials to be used for the Works;

(8) Management methods applicable to the Works formulated by the General Contractor.

19.1.3 Measurement period

Perform measurement once a month.

19.2 Payment

19.2.1 Interim Payment Certificate

The Interim Payment Certificate shall include the following items and shall be expressed in the currencies agreed in the Contract in the following order:

(1) Estimated contract value of Works executed and the Subcontractor's documents produced up to the end of the month (including variations but excluding items described in Sub-paragraphs (2)-(6) below);

(2) Retention Money to be deducted in the amount of 5% of above value of the Works;

(3) Any amounts to be added for Engineering Equipment and Materials delivered to the Site for the Permanent Works;

(4) Any amounts to be deducted and certified in all previous Payment Certificates including all

Engineering Equipment and Materials used in the Permanent Works;

(5) Any other additions or deductions payable under this Contract;

(6) Additions or deductions determined by the management system and methods issued by the Contractor.

(7) According to the Serbian VAT law, article 22, for the purpose of invoicing will be used the official middle bank rate of the National Bank of Serbia for USD on the day of invoicing. Both parties agree that the difference between the actual amount paid and the invoice is determined by Credit/Debit Note in case when two different types of exchange rate is applied (middle exchange rate of the National Bank of Serbia on the date of invoicing/payment and contracted exchange rate defined in clause 19.2.3.

19.2.2 Subcontractor will submit Interim Payment Certificate at the end of each month. After submission of Interim Payment Certificate, Contractor will perform control within 14 days whether it is issued in accordance with the performed works and conditions of this Contract. If the Interim Payment Certificate is issued in accordance with the conditions of this Contract and after CCECC verify Contractors Interim Payment Certificate, Contractor will verify Interim Payment Certificate to the Subcontractor. For the part of the works, performed by Subcontractor, that were not accepted by CCECC/General Contractor, Contractor is obligated to present Documentation for construction measurement or Interim Payment Certificate verified by CCECC or documentation that can provide on the best effort basis.

If the goods provided or work carried out by the Subcontractor do not meet the requirements of the Contract, the expenses related to rectification or replacement can be temporarily withheld and shall not be paid until the Subcontractor completes rectification or replacement to the Contractor's satisfaction.

If the Subcontractor has failed or currently fails to carry out the work or perform its obligations in accordance with the requirements of the Contract, and the Supervisor has given notice thereof, the amount related to such work may be temporarily withheld and shall not be paid until after the Subcontractor has successfully carried out the work or performed its obligations to the Contractor's satisfaction.

19.2.3 The payment for the Works shall be based on the Contract Price. The Subcontractor shall pay all taxes required to be paid under the Contract.

The payment shall be made in Serbian Dinar, and the amount of Dinar shall be calculated according to the official middle exchange rate of the National Bank of Serbia on the day of corresponding payment by CCECC to Contractor. In the case that Contractor does not execute the payment to Subcontractor on the same day when Contractor receives payment form CCECC, then will be issued Credit/Debit Note as it is stipulated in the clause 19.2.1 (7).

19.2.4 After verification of Interim Payment Certificate, Contractor will make the payment within 3 working days from the date of receipt of the payment from the CCECC. Due date for the payment cannot be longer than it is defined in applicable legislation of Republic of Serbia which regulates the deadlines for settling monetary obligations in commercial transactions.

19.2.5 The Advance payment is used for the subcontractor to purchase materials, engineering equipment, construction equipment, build temporary facilities and organize the construction team to enter the site for the construction of the contract work, etc. The Advance payment must be dedicated to this contract work. The advance payment is 20% of the total amount of this contract, which will be paid in two installments/times: the first installment is 10% of the total amount of this contract and the second installment is 10% of the amount of this contract. First installment of the advance payment will be paid immediately after receiving of acceptable advance payment bank guarantee on 10% of the total amount of this contract, but not later than 3 working days. Second installment of the advance payment will be paid on a "back to-back" basis, in the same manner as the payment made by the CCECC to the Contractor. Contractor will pay to the Subcontractor within 3 working days after receiving the acceptable advance payment bank guarantee. The Contractor shall inform the Subcontractor in written form (by email) on the date when he received the corresponding advance payment from the CCECC and Subcontractor shall issue advance payment bank guarantee for second installment on 10% of the total amount of this contract.

19.2.6 The repayment of the Advance payment is made through interim payment certificates

submitted after the receipt of the advance, starting from the first interim payment certificate. The repayment rate is 15% (fifth teen percent) of each interim payment certificate until the Second Instalment of the Advance payment. Once the Subcontractor receives the Second Instalment of the advance payment, the repayment rate is 30% (thirty percent) of each interim payment certificate until the advance is repaid in full.

If the advance payment has not been repaid in full before the issuance of the certificate of acceptance of the work and the contract is canceled due to force majeure or other reasons, the balance of the advance payment that has not been repaid in full shall be offset against any IPC due to the Subcontractor.

19.3 Retention Money

19.3.1 The Retention Money shall be 5% of the Contract Price. The Contractor shall, starting from the first payment period, deduct 5% of estimated contract value of Works executed each month from Interim Payment Certificate, until the total amount of Retention Money withheld reaches the agreed amount or proportion. The calculation basis of Retention Money does not include any amounts to be deducted and to be added specified in the sub-paragraph (3), (4), (5) under Article 19.2.1. Contractor does not pay any interest for the Retention Money.

19.3.2 The Contractor shall return 50% of the Retention money after issuing the Taking over Certificate and within 3 working days after receiving of the payment from CCECC for this purpose. Taking over Certificate will be issued and verified by the Contractor.

19.3.3 In order to ensure the safety of railway transportation and restore the normal operation of the railway in time, in case of quality or problems need to be corrected and repaired after the completion of the Works, the Contractor shall notify the Subcontractor in writing within 3 days, and the Subcontractor shall go to the Site for repair within 7 days after receiving the notice with cost be borne by the responsible party. If the Subcontractor fails to repair within 7 days, the Contractor may entrust other subcontractor to repair, and timely notify the Subcontractor to pay the required expenses in time.

19.3.4 After the expiration of the Defect Notification Period, the Subcontractor shall apply to the Contractor for returning the remaining Retention Money. Contractor shall verify with the Subcontractor within 14 days whether the Subcontractor has completed the defect liability according to the Contract. Once the Contractor has confirmed within those 14 days that there is no objection to works that have been carried out, Contractor shall return remaining Retention Money within 3 working days after receiving of the payment from CCECC for this purpose.

19.3.5 If the Subcontractor fails to complete the defect liability at the expiration of the Defect Notification Period, the Contractor is entitled to withhold the balance of the Retention Money corresponding to the amount required for the outstanding work of unfulfilled liabilities, and is entitled to request an extension of the Defect Notification Period according to 21.3 until the outstanding work is completed.

19.4 Payment certificate at completion

19.4.1 Payment certificate at completion

(1) Within 14 days after the Taking Over Certificate is issued, the Subcontractor shall submit the payment certificate at completion to the Contractor in 6 copies, and provide relevant certification documents. Unless otherwise agreed in the Contract, the payment certificate at completion shall include the following: the value of Works done in accordance with the Contract up to the date stated in the Taking Over Certificate, the amount has paid by the Contractor to the Subcontractor, the Retention Money to be withheld and the amount to be paid to Subcontractor.

(2) If the Contractor has any objection to the payment certificate at completion, it is entitled to require the Subcontractor to amend and provide supplementary documents, the Subcontractor shall submit the revised payment certificate at completion.

19.4.2 Payment time

(1) After receiving the payment certificate at completion submitted by the Subcontractor, the

Contractor shall submit his payment certificate at completion to the CCECC/General Contractor and the Supervisor for review in accordance with the Civil and Track Engineering (Lot NS-1) Subcontract and the Commercial Contract. After being confirmed by the General Contractor and the Supervisor, the Contractor shall issue the associated payment certificate at completion to Subcontractor.

(2) If the Subcontractor has any objection to the payment certificate at completion confirmed by the Contractor, the Contractor may issue the interim payment certificate for the part agreed by the Subcontractor in the payment certificate at completion. The part in dispute shall be handled in accordance with Article 26.

(3) After verification of Interim Payment Certificate, Contractor will make the payment within 3 working days from the date of receipt of the payment from the CCECC. Due date for the payment cannot be longer than it is defined in applicable legislation of Republic of Serbia which regulates the deadlines for settling monetary obligations in commercial transactions.

19.5 Final Payment Certificate

19.5.1 Final Payment Certificate

(1) Within 7 days after the issuance of the Performance Certificate, the Subcontractor may submit the Final Payment Certificate to the Contractor in 6 copies, and provide relevant certification documents.

(2) If the Contractor has any objection to the Final Payment Certificate, it is entitled to require the Subcontractor to make corrections and provide supplementary documents, and the Subcontractor shall submit the revised Final Payment Certificate to the Contractor.

19.5.2 Final Payment Certificate payment time

After verification of Final Payment Certificate, Contractor will make the payment within 3 working days from the date of receipt of the payment from the CCECC. Due date for the payment can not be longer than it is defined in applicable legislation of Republic of Serbia which regulates the deadlines for settling monetary obligations in commercial transactions.

19.6 Tax

The Subcontractor shall bear all taxes which shall be borne by it during the performance of the Contract and shall pay the taxes according to relevant regulations. All the above taxes have been included in the Contract Price. During the execution of the Contract, if the taxes related to the Subcontractor are paid or advanced by the Contractor, the Contractor is entitled to directly deduct them from any amount payable to the Subcontractor.

20. Completion acceptance

20.1 Meaning of completion acceptance

Completion acceptance means that the Contractor shall timely assist the General Contractor or the Investor to carry out acceptance inspection on the Works completed by the Subcontractor according to the Contract, and Subcontractor is obliged to assist Contractor to finish the completion acceptance towards General Contractor and Investor. Subcontractor is obliged to assist the subcontractors engaged by General Contractor and Investor to finish their completion acceptance regarding the works related to the Works.

20.2 As-built documents

The Subcontractor shall prepare and update a complete set of "as-built" records of the Works from time to time, truthfully recording the accurate location, dimensions and detailed description of the completed works. The above as-built records shall be kept on the Site and shall be used only for the purposes of this Article. Four sets of copies shall be submitted to the Contractor prior to the commencement of the tests on completion.

In addition, the Subcontractor shall be responsible for preparing and providing the Contractor with the as-built design including as-built drawings of the Works (including materials supplied by Party A), indicating the actual situation of the completion of the Works within the scope of the Contract, and submit them to the Contractor for review according to the technical specification of the as-built documents.

Before the Investor and the General Contractor issue any Taking Over Certificate, the Subcontractor shall submit 9 sets of relevant as-built design and drawings and reproducible electronic versions to the

Contractor. The Works shall not be deemed to have been completed until the Contractor receives these documents. The Contractor shall provide the Subcontractor with the electronic version of the design drawings required to prepare the as-built documents free of charge after Contractor receiving the same from the General Contractor.

The above "as-built" records, as-built design and drawings and other as-built documents provided by the Subcontractor shall include English and Serbian (Cyrillic), and the English version shall prevail.

20.3 Application report for completion acceptance

When the Works meets the following conditions, the Subcontractor shall notify the Contractor in writing of the completion time of the Works and its readiness to accept the completion acceptance no later than 28 days before the completion of the Works, and submit the application report for completion acceptance:

(1) Except the minor outstanding works and defects to be remedied in the Defect Notification Period as agreed by the Contractor in advance, all works and related work defined by the Contract, including the test, trial operation, inspection and acceptance required by the Contract, have been completed to the satisfaction of the Contractor and meet the requirements of the Contract;

(2) The required as-built documents have been prepared with number of copies specified in the Contract;

(3) The list of minor outstanding works and defects to be remedied in the Defect Notification Period and its construction schedule have been prepared according to the requirements of the Contractor;

(4) Other work required by the Contractor to be completed to the satisfaction of the Contractor before completion acceptance;

(5) List of as-built documents required by the Contractor.

20.4 Acceptance

After receiving the application report for completion acceptance submitted by the Subcontractor in

accordance with 20.3 of the Contract, the Contractor shall submit the application report to the General Contractor for review and deal with it according to the following different situations.

20.4.1 If the Contractor considers that it does not meet the conditions for completion acceptance after review, he shall point out the work to be carried out by the Subcontractor before issuing the Taking Over Certificate. After completing all the work notified by the Contractor, the Subcontractor shall submit the application report for completion acceptance again until the approval of the Contractor.

20.4.2 If the Contractor considers that the conditions for completion acceptance have been met after review, the Contractor and the Subcontractor shall submit to the General Contractor and the Investor for acceptance within 28 days after receiving the approved application report for completion acceptance from the General Contractor and the Investor. The final acceptance decision shall be made by the Investor.

20.4.3 Before the Defect Notification Period expires, the Subcontractor shall actively cooperate with the Contractor in the final acceptance of the Works. If the Works under the Contract fails to pass the acceptance, the Subcontractor shall rectify according to the requirements of the Investor, the Supervisor, the General Contractor and the Contractor until the acceptance requirements are met, and Subcontractor shall bear the expenses arising therefrom.

20.4.4 If the Investor and the General Contractor do not agree to take over the Works after acceptance inspection, the Contractor shall issue instructions according to the acceptance opinions of the General Contractor and the Investor, to require the Subcontractor to seriously rework or remedy the nonconforming works, and bear the expenses arising therefrom. The Subcontractor shall resubmit the application report for completion acceptance after completing the rework or remedial work of the nonconforming works.

20.4.5 The General Contractor and the Contractor shall organize the Works taking-over in accordance with the Commercial Contract, and the Subcontractor shall actively cooperate. In case of failure to pass the acceptance of the Technical Acceptance Committee, the Subcontractor shall rectify according to the requirements of the Supervisor and the Technical Acceptance Committee until the requirements are met, and bear the expenses arising therefrom. After the taking-over the above works, the Subcontractor shall

complete outstanding works and their tests listed in the Taking Over Certificate issued by the Supervisor within the Defect Notification Period.

20.5 Operation during construction

20.5.1 Operation during construction means that the Works has not been fully completed, and one or more works or Engineering Equipment installation have been completed and need to be put into operation during construction. The works that needs to be put into operation during construction period can be put into operation only after they pass the acceptance according to 20.4, and are proved to be safe.

20.5.2 If damage or defect are found in the works or Engineering Equipment during the operation during construction, the Subcontractor shall repair them in accordance with 21.2.

20.6 Trial operation

20.6.1 The Subcontractor shall cooperate with the Contractor in the trial operation of the works and Engineering Equipment.

20.6.2 If the trial operation fails due to the Subcontractor's default, the Subcontractor shall take measures to ensure that the trial operation is qualified and bear the corresponding expenses.

20.7 Site clearing upon completion

20.7.1 After the Taking Over Certificate is issued, the Subcontractor shall clear the construction Site according to the following requirements until it passes the inspection of the Contractor, i.e. to the satisfaction of the Contractor. The cost of Site clearing upon completion shall be borne by the Subcontractor.

(1) All residual wastes in the construction Site has been removed from the Site;

(2) The Temporary Works and the Temporary Facilities have been removed and the Site has been cleared, levelled or restored in accordance with the Contract;

(3) The Subcontractor's equipment and remaining materials to be withdrawn from the Site according to the Contract, including abandoned Construction Equipment and materials, have been withdrawn from

the Site as planned;

(4) The construction debris around the engineering structures and the roads and rivers nearby have been cleaned up according to the Contractor's instructions;

(5) Other Site clearing work instructed by the Contractor has been completed.

20.7.2 If the Subcontractor fails to restore the occupied temporary land as required by the Contractor, or the Site clearing is not performed to the Contractor's satisfaction, the Contractor is entitled to, after issuing a 7-day advance notice, entrust others to restore or clean up, and the amount incurred shall be deducted from the amount to be paid to the Subcontractor.

20.8 Withdrawal of construction team

Within 56 days after the issuance of the Taking Over Certificate, except for the personnel, Construction Equipment and Temporary Works that need to continue to work and be used within the Defect Notification Period with the consent of the Supervisor, other personnel, Construction Equipment and Temporary Works shall be withdrawn from the Site or removed. Unless otherwise agreed in the Contract, the Subcontractor's personnel and Construction Equipment shall be withdrawn from the Site upon the expiration of the Defects Notification Period.

21. Liability for defects and warranty

21.1 Starting time of Defects Notification Period

The Defects Notification Period shall be calculated from the day when the Subcontractor receives the Taking Over Certificate issued by the Contractor.

21.2 Defects liability

21.2.1 The Subcontractor shall be liable for defects in the delivered works during the Defects Notification Period. During the Defects Notification Period, the Subcontractor must not only complete the unfinished works listed in the Taking-over Certificate, but also repair any defects. The Subcontractor shall bear the cost for repairing the defects caused by himself.

21.2.2 During the Defects Notification Period, the Investor shall be responsible for the daily maintenance of works that has been accepted for use. During use, if the Investor finds that the accepted works have new defects or the repaired defective parts are damaged again, the Subcontractor shall be responsible for repairing it until it passes the inspection. In order to realize the proper execution of the Works or complete the repair of its defects, the Contractor may provide supplementary design documents and notices, and the Subcontractor shall unconditionally accept and execute them.

21.2.3 The Contractor and Subcontractor shall jointly investigate the causes of defects and/or damage. If it is found to be caused by the Subcontractor, the Subcontractor shall bear the cost of repair and inspection. If it is not caused by the Subcontractor, the Contractor shall negotiate with the General Contractor or the Investor for the repair and inspection costs, and make the payment of the costs to the Subcontractor after Contractor receive the same from the General Contractor or the Investor.

21.2.4 If the Subcontractor is unable to repair the defects within a reasonable time as notified by the Contractor, the Contractor may repair it by himself or entrust the other to repair it, and the cost shall be borne in accordance with the agreement in 21.2.3.

21.3 Extension of Defects Notification Period

If part of Works cannot be used for the intended purposes due to a defect or damage caused by the Subcontractor, and it needs to be checked, inspected and repaired again, the Defects Notification Period of the Works shall be extended accordingly, but shall not exceed one year, or the extension period of the Defects Notification Period under the Civil and Track Engineering (Lot NS-I) Subcontract.

21.4 Further test and trial operation

After any defect or damage is repaired, and through inspection, it is proved to affect the performance of the Works, the Subcontractor shall perform the test and trial operation as agreed in the Contract again, and all the costs of the test and trial operation shall be borne by the responsible party.

21.5 Access rights of the Subcontractor

During the Defects Notification Period, subject to prior consent, the Subcontractor has the right to

enter the construction Site for defect repair, but shall comply with the security and confidentiality regulations of the Contractor, General Contractor and Investor.

21.6 Return of Retention Money

Upon the expiration of the Defects Notification Period agreed in 1.1.4.5, including the extended period in accordance with 21.3, the Contractor shall verify with the Subcontractor within 14 days whether the Subcontractor has completed the defect liability according to the Contract. Once the Contractor has confirmed within those 14 days that there is no objection to works that have been carried out, within the following 14 days from the date of the confirmation the Contractor shall return the remaining Retention Money to the Subcontractor.

21.7 Warranty liability

The warranty period is specified in the Serbian laws and regulations, industry regulations and design documents. The warranty liability is specified in the "Quality Warranty Liability Agreement" in the Appendix 4 to the Contract.

22. Insurance

22.1 Project insurance

The General Contractor shall handle contractor's all risk insurance, and third-party liability insurance, and the Subcontractor shall not bear the corresponding insurance premiums. The Subcontractor shall sign contract for the equipment insurance, automobile civil liability insurance, personnel insurance and other insurances related to Works under the guidance of the General Contractor or the Contractor, and the relevant costs shall be borne by the Subcontractor in accordance with the law of the Republic of Serbia.

During the construction period of the Works, the Subcontractor shall report insured events happened to the Works through the Contractor and the General Contractor to the insurance company in a timely manner in accordance with the insurance policy. Regardless of the result of the claims towards insured event, the Contractor will no longer provide any compensation to the Subcontractor for the direct and indirect losses and relevant costs incurred within the insurance coverage. If the Subcontractor fails to

report insured event happened to the Works to the Contractor in a timely manner, the Subcontractor shall be liable to cover all costs incurred in the event that the insurance company does not accept these costs as a result of the failure to report.

22.2 Insurance for work-related injuries

22.2.1 Insurance for work-related injuries of Subcontractor's employees in accordance with the law of the Republic of Serbia. The Subcontractor shall participate in social insurance in accordance with Serbian regulations, pay social insurance premiums for all personnel employed for the performance of the Contract, and require its service provider to handle this insurance. The insurance premium shall be borne and paid by the Subcontractor. Meanwhile, the Subcontractor shall, at the request of the Contractor, issue an insurance policy to the Contractor.

22.2.2 Insurance for work-related injuries of Contractor's employees

The Contractor shall participate in work-related injury insurance in accordance with relevant laws and regulations, and pay insurance premiums for all personnel employed for the Works.

22.3 Personal accident insurance

22.3.1 The Subcontractor shall handle personal accident insurance for its own personnel employed for the Works Site during the entire construction period, pay insurance premiums, and require its service provider to handle this insurance. The insurance premium shall be borne and paid by the Subcontractor in accordance with the law of the Republic of Serbia. Meanwhile, the Subcontractor shall, at the request of the Contractor, issue an evidence of insurance policy to the Contractor.

22.4 Third party liability insurance

22.4.1 The third-party liability refers to the personal injury, illness or property damage of a third party on the Site and adjacent areas that are caused by accidents and responsible by the insured in accordance with the law during the insurance period, and the insured's liability for compensation such as legal costs and other costs paid by the assured with prior written consent of the insurer.

22.5 Other insurance

The Subcontractor shall handle insurance for its equipment, materials and facilities.

22.6 General requirements for insurances

22.6.1 Certificate of insurance

The Subcontractor shall submit the evidence of effectiveness insurances and copies of insurance policies to the Contractor in accordance with the requirements of the Contractor. The insurance policy must be consistent with the clauses agreed in the Contract.

22.6.2 Changes in insurance contract clauses

When the Subcontractor needs to change the clauses of the insurance contract, it shall obtain the consent of the Contractor in advance. If the insurer makes any changes, the Subcontractor shall notify the Contractor immediately after receiving the notice from the insurer.

22.6.3 Continuing insurance

The Contractor and Subcontractor shall keep in touch with the insurer so that the insurer can follow the events happened to Works and ensure that the insurance is valid. If the Subcontractor fails to report the events happened to Works to the insured works through the Contractor to the insurance company in a timely manner, the Subcontractor shall be liable to cover all costs incurred in the event that the insurance company does not accept these costs as a result of the failure to report.

22.6.4 Remedy for failure to insure

(1) If the party responsible for insuring fails to purchase the insurance as agreed in the Contract, or fails to make the insurance continue to be valid, the other party can handle it on behalf of the party, and the costs occurred shall be borne by the responsible party.

(2) If the beneficiary fails to receive compensation from the insurer due to the failure of the responsible party for insuring to handle the insurance as stipulated in the Contract, the compensation that

should have been paid by the insurance policy shall be paid by the responsible party.

22.6.5 Reporting obligations

When an insured event occurs, the insured shall report to the insurer in a timely manner in accordance with the conditions and time limit specified in the insurance policy.

23. Force Majeure

23.1 Determination of Force Majeure

The determination of Force Majeure in the Contract shall be based on the determination of the Force Majeure agreed between the General contractor and the Investor by Commercial Contract. If the event is regarded as event of Force Majeure by the General Contractor and the Investor, it shall also be deemed as an event of Force Majeure under the Contract.

Both parties of the Contract agree that any events caused by the COVID-19 will not be regarded as Force Majeure.

23.2 Notice of Force Majeure

When a party encounters an event of Force Majeure that hinders its performance of its contractual obligations, it shall immediately notify the other party, explaining the Force Majeure and the details of obstructions in writing, and provide necessary proofs. The notice shall be given within 7 days after the party became aware or should have become aware, of the relevant event or circumstance constituting Force Majeure.

Notwithstanding any other provision of this Clause. Force Majeure shall not apply to obligations of either Party to make payments to the other Party under the Contract.

23.3 Responsibility to reduce delays

Each party shall try its best to perform the obligations stipulated in the Contract at all times to reduce any delays caused by Force Majeure. The mitigation measures shall be described in the notice under 23.2. When the influence of Force Majeure ceases, the Subcontractor shall notify the Contractor within 7 days.

23.4 Consequences of Force Majeure and their handling

If due to Force Majeure, the Subcontractor has been or will be unable to perform any of its obligations under the Contract, has issued relevant notices, and has suffered construction delays and/or costs due to such Force Majeure, the Subcontractor has the right, subject to the Investor's approval, as below:

(1) If the completion of the Works has been or will be delayed, the Time for Completion can be extended accordingly;

(2) If the following events or circumstances occur in the Republic of Serbia, the payment of such costs can be compensated;

① Rebellion, terrorist activity, revolution, riot, military coup, usurpation of power or civil war;

② Violence or insurgency not caused by the Contractor's and Subcontractor's personnel and other personnel employed by the Contractor or Subcontractor;

③ Munitions, explosive materials, ionizing radiation, or radioactive pollution in the country where the Works is located, except for the use of such munitions, explosive materials, radiation, or radioactive materials by the Subcontractors.

After receiving such notice, the Contractor shall agree to or make a decision on the above matters.

After the occurrence of Force Majeure, the Contractor and Subcontractor shall take measures to avoid and reduce the expansion of losses as much as possible. If any party fails to do so, and the losses are expanded, it shall be liable for the expanded losses. When the influence of Force Majeure ceases, the Subcontractor shall notify the Contractor.

23.5 Force Majeure that occurs during the delay in performance

If a party delays the performance and Force Majeure occurs during the delay in performance, it shall not be exempted from liabilities.

23.6 Termination of Contract due to Force Majeure

If the execution of substantially all the Works in progress is prevented for a continuous period of 84 days by reason of Force Majeure of which notice has been given under Sub-Clause 23.2. or for multiple periods which total more than 140 days due to the same notified Force Majeure, the contractor may issue a notice to the subcontractor for terminating the Contract. In this case, the Contract will be terminated 7 days after the notice is issued.

After such termination, the Contractor shall settle with the Subcontractor based on the value of the completed works determined by the General Contractor and the Supervisor, and issue a payment certificate including the following:

(1) The amount payable for any work that has been completed and whose price has been specified in the Contract;

(2) The permanent equipment and materials ordered for Works and delivered to the Site, or of which the Subcontractor is liable to accept delivery: this permanent equipment and materials shall become property of (and be at the risk of) the Investor when paid for by the Investor and Subcontractor shall place the same at the Contractor's/employer's disposal;

(3) Any other costs or liabilities reasonably caused by the Subcontractor under certain circumstances to complete the Works.

(4) The cost of removal of Temporary Works and Subcontractor's equipment from the Site and returning these items to his country (or any other destination with low cost)

(5) The cost of repatriation of the Subcontractor's staff and labour employed wholly in connection with the Works at the date of termination.

24. Breach of contract

24.1 Breach of Contract by the Subcontractor

24.1.1 Breach of contract by Subcontractor

The following situations occurred during the performance of the Contract are breach of Contract by

the Subcontractor:

(1) The Subcontractor, in violation of the Contract, privately transfers all or part of the Contract's rights or obligations to other person without the approval of the Contractor;

(2) The Subcontractor, in violation of the Contract, privately demobilize the Construction Equipment, Temporary Facilities or materials that have entered the Site as agreed in the Contract without the approval of the Contractor;

(3) The Subcontractor uses non-conforming materials in violation of the Contract, as a result, the quality of the works does not meet the requirements. And the Subcontractor refuses to remove the nonconforming works;

(4) The subcontractor fails to complete the works agreed in the Contract in a timely manner according to the construction schedule, which has caused or is expected to cause a delay in the Time for Completion;

(5) During the Defects Notification Period, the Subcontractor fails to repair the defects listed in the Taking Over Certificate or the defects that occurred during the Defects Notification Period, and refuses to repair them according to the Contractor's instructions;

(6) The Subcontractor fails to continue to perform or expresses clearly that it will not perform or has substantially stopped performing the Contract;

(7) Other situations where the Subcontractor fails to perform its obligations as agreed in the Contract.

(8) Subcontractor and its employees will need to obtain permission from the Contractor before giving interviews to local media, and the Subcontractor has obligation to report to Contractor if any media was found related to the Project.

24.1.2 Handling of breach of Contract by the Subcontractor

(1) When the Subcontractor breaches the Contract as stipulated in 24.1.1 (6), the Contractor may notify the Subcontractor to terminate the Contract immediately and deal with it in accordance with relevant

laws.

(2) When the Subcontractor is in breach of Contract other than those stipulated in 24.1.1 (6), the Contractor may issue a rectification notice to the Subcontractor and request it to make corrections within the specified time limit. The Subcontractor shall bear the increased costs and/or delay in Time for Completion caused by its breach of Contract, and accept the penalties imposed by the Contractor in accordance with the management system.

(3) After inspection, it is proved that the Subcontractor has taken effective measures to correct the breach of Contract and met the conditions for resumption of work, the Contractor may issue a resumption notice.

24.1.3 Termination of Contract due to the Subcontractor's breach of Contract

(1) If the Subcontractor still fails to correct the breach of Contract 28 days after the Contractor issues the rectification notice, the Contractor may issue a notice of termination of the Contract to the Subcontractor with immediate effect. Upon termination of Contract, the Contractor may dispatch personnel to the Site, organize other personnel or entrust other subcontractors for construction. The Contractor has the right to detain and use the Subcontractor's on-site materials, equipment, Temporary Works and Temporary Facilities to complete the Works continuously. However, the action of the Contractor does not exempt the Subcontractor from the liability for breach of Contract, nor does it affect the Contractor's right to claim in accordance with the Contract.

(2) If the project progress of the Subcontractor does not meet the actual needs of the Works, and the construction efficiency is not improved even though the Contractor sends an urging letter, the Contractor has the right to omit part of the Contract with 7 days' notice, and the Contractor or a third party will implement this part of the Works and make up for any defects. After the Contract is adjusted, the Contractor may dispatch personnel to the Site, organize other personnel or entrust other subcontractors for construction. The Contractor has the right to detain and use the Subcontractor's On-Site materials, equipment and Temporary Facilities to complete the project continuously. The Subcontractor shall

continue to complete the non-omitted works under the Contract. The resulting costs shall be borne by the Subcontractor, and the Contractor may deduct the costs from the payment to be paid to the Subcontractor. However, the above measures taken by the Contractor does not exempt the Subcontractor from the liability for breach of Contract, nor does it affect the Contractor's right to claim in accordance with the Contract.

24.1.4 Valuation, payment and settlement after termination of Contract

(1) Upon termination of the Contract, the Contractor shall negotiate or determine the value of the actual work completed by the Subcontractor according to the Contract, as well as the value of the Materials, Construction Equipment, facilities and Temporary Works provided by the Subcontractor.

(2) Upon termination of the Contract, the Contractor shall suspend all payments to the Subcontractor and check all payments and deducted amounts, including the liquidated damages payable by the Subcontractor and any other Contractor's claims.

(3) Upon termination of the Contract, the Contractor shall claim against the Subcontractor for the losses caused to the Contractor due to the termination of the Contract in accordance with 24.4.

(4) After Contactor's determination of the above-mentioned receivable and payables, they will issue a final settlement certificate to settle all contractual payments.

(5) If the Contractor and the Subcontractor fail to reach an agreement on the settlement after the termination of the Contract and a dispute arises, it shall be handled in accordance with Article 25.

24.1.5 Transfer the rights of agreements

If the Contract is terminated due to the Subcontractor's breach of Contract, the Contractor has the right to require the Subcontractor to transfer to the Contractor the rights of agreements related to the material and equipment for the implementation of the Contract such as purchase agreements or any service agreements signed by the Subcontractor, and the transfer procedures shall be completed within 14 days after the termination of the Contract.

24.1.6 Inability or unwillingness to rescue in an emergency

During the project implementation period or the Defects Notification Period, if the Contractor notifies the Subcontractor to rescue against the incident that endangers the project's safety or bring defects to the Works, and the Subcontractor declares that he is incapable or unwilling to execute immediately, the Contractor shall have the right to hire other personnel for rescue. If such rescue is the obligation of the Subcontractor as agreed in the Contract, the costs arising therefrom and (or) delay in the Time for Completion shall be borne by the Subcontractor.

24.2 Breach of Contract by the Contractor

24.2.1 Breach of Contract by the Contractor

The following situations occurred during the performance of the Contract are breach of Contract by the Contractor:

(1) The Contractor fails to make the payment as agreed in the Contract, or delays or refuses to approve the payment application and payment document after the associated application or document has been approved by the General Contractor, resulting in payment delay;

(2) The Contractor fails to continue to perform or expresses clearly that it will not perform or has substantially stopped performing the Contract;

(3) The Contractor fails to perform other obligations stipulated in the Contract.

24.2.2 Right of the Subcontractor to suspend construction

When the Contractor is in any kind of breach of the Contract other than those stipulated in 24.2.1 (2), the Subcontractor may issue a notice to the Contractor, requesting the Contractor to take effective measures to correct the breach. If the Contractor fails to perform the Contract obligations within 28 days after receiving the notice from the Subcontractor, the Subcontractor has the right to suspend or reduce the rate of progress of the construction and notify the Contractor. The Contractor shall bear the increased costs and/or delays in the Time for Completion. The Subcontractor shall resume the Works immediately after

the notified breach has been rectified by the Contractor.

24.2.3 Termination of contract due to the Contractor's breach of Contract

(1) In the event of a breach of contract stipulated in 24.2.1(2), the Subcontractor may notify the Contractor in writing to terminate the Contract;

(2) If the Contractor still fails to correct the breach of contract 28 days after the Subcontractor has suspended or reduced rate of progress of construction in accordance with 24.2.2, the Subcontractor may issue a notice of termination of the Contract to the Contractor. However, the action of the Subcontractor does not exempt the Contractor from the liability for breach of contract, nor does it affect the Subcontractor's right to claim in accordance with the Contract.

24.2.4 Payment after termination of Contract

If the Contract is terminated due to the Contractor's breach of Contract, the Contractor shall pay the Subcontractor the following amount within 28 days after the Contract is terminated, and the Subcontractor shall submit to the Contractor relevant documents for the payment of the following amount within the time limit:

(1) The value of the Works completed before the date of termination of the Contract as approved by the Supervisor/Investor;

(2) The amount of materials, facilities and other items purchased and paid by the Subcontractor for the construction of the Works. After the Contractor pays for them, the materials, facilities and other items belong to the Contractor;

(3) The amount that paid by Subcontractor for implementation of the Works, and unpaid by Contractor as approved by the Supervisor/Investor;

(4) The amount of cost incurred by Subcontractor for demobilizing from the Site;

(5) The Subcontractor's losses that should be compensated due to the termination of the Contract;

(6) Other amounts that should be paid to the Subcontractor before the termination of the Contract as agreed in the Contract.

The Contractor shall pay the aforesaid amount and return the Retention Money and Performance Guarantee, but it has the right to require the Subcontractor to pay all the amounts that should be repaid to Contractor.

24.2.5 Demobilization of Subcontractors after termination of Contract

After the Contract is terminated due to the Contractor's breach of Contract, the Subcontractor shall properly protect and transfer the completed works and purchased materials and equipment, and demobilize the Subcontractor's equipment and personnel from the construction Site as required by the Contractor. The demobilization of the Subcontractor from the Site shall comply with the provisions of the Contract, and the Contractor shall provide necessary conditions for the demobilization of the Subcontractor.

24.3 Breach of Contract caused by a third party

During performance of the Contract, if one party breaches the Contract due to a third party, it shall be liable for the breach of Contract to the other party. Disputes between a party and a third party shall be resolved in accordance with the law or agreement.

25. Claims

25.1 Subcontractor's submission of claims

According to the Contract, if the Subcontractor believes that it is entitled to additional payment and/or extended Time for Completion, it shall file a claim to the Contractor according to the following procedures:

(1) The Subcontractor shall submit a notice of intent to claim to the Contractor within 21 days after it knew or should have known the occurrence of the claim, and explain the reason for the claim. If the Subcontractor fails to issue a notice of intent to claim within the aforementioned 21 days, the Time for Completion shall not be extended, the Subcontractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim;

(2) The Subcontractor shall formally submit fully detailed particulars of the claim to the Contractor within 21 days after issuing the notice of intent to claim. The notice of claim shall specify the reason for the claim, the additional payment and (or) the extended Time for Completion, and the necessary records and supporting documents shall be attached. If the Subcontractor fails to submit fully detailed particulars of the claim within the aforementioned 21 days, the Time for Completion shall not be extended, the Subcontractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim;

(3) If the claim event has a continuous impact, the Subcontractor shall continue to submit fully detailed particulars of the continuing claim at a monthly interval for explaining the actual situation and records of the continuous impact, and listing the cumulative additional payment and/or extended Time for Completion. If the Subcontractor fails to submit fully detailed particulars of the claim at regular monthly intervals, the Time for Completion shall not be extended, the Subcontractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim.

(4) Within 14 days after the end of the impact of claim event, the Subcontractor shall submit a final fully detailed particulars of the claim to the Contractor, stating the final additional payment and extended Time for Completion, and attach the necessary records and supporting documents. If the Subcontractor fails to submit fully detailed particulars of the claim within the aforementioned 14 days, the Time for Completion shall not be extended, the Subcontractor shall not be entitled to additional payment, and the Contractor shall be discharged from all liability in connection with the claim.

25.2 Processing procedure for the Subcontractor's claim

(1) After receiving the notice of claim submitted by the Subcontractor, the Contractor shall promptly review the content of the fully detailed particulars of the claim, check the records and supporting documents of the Subcontractor, and if necessary, the Contractor may require the Subcontractor to submit original records for inspection.

(2) The Contractor shall, based on the General Contractor's or the Investor's relevant decisions on

the additional payment and/or extended Time for Completion, negotiate or determine the additional payment and/or extended Time for Completion with the Subcontractor, and reply to the Subcontractor with the result of the claim within 42 days of receiving the General Contractor's or the Investor's decision on the additional payment and/or extended Time for Completion.

(3) If the Subcontractor accepts the results of claim, the Contractor shall complete the compensation within 28 days after the Subcontractor's acceptance and receiving the compensation by Contractor from General Contractor. If the Subcontractor does not accept the result of the claim, it shall notify the Contractor within 14 days and, subject to a timely notice, it shall be handled in accordance with Article 26.

25.3 Deadline for the Subcontractor to file a claim

25.3.1 After the Subcontractor has accepted the payment certificate at completion in accordance with the provisions of Article 19.4, it shall be deemed to have no right to raise any claims.

25.4 Contractor's claims

25.4.1 After a claim event occurs, the Contractor shall notify the Subcontractor in writing, detailing the amount of the claim that the Contractor is entitled to and/or the details and basis for extending the Defects Notification Period. A notice of extending the Defects Notification Period shall be issued before the expiration of the Defects Notification Period.

25.4.2 The Contractor shall consult the Subcontractor in an attempt to reach an agreement prior making a determination of the amount of compensation and/or the extended Defects Notification Period from the Subcontractor in accordance with the Contract. The amount determined to be payable by the Subcontractor to the Contractor shall be deducted from the Contract Price to be paid to the Subcontractor by deducting amounts from the payments due to the Subcontractor, or, if accepted by the Contractor, the Subcontractor can pay the Contractor in other ways. If the Subcontractor does not accept the result of the Contractor's determination, it shall be handled in accordance with Article 26 of the Contract. The Contractor's determination shall be valid and enforceable unless and until the resolution under Article 26.

26. Settlement of disputes

26.1 Ways of dispute settlement

If a dispute occurs between the Contractor and the Subcontractor in the performance of the Contract, they may settle it through friendly negotiation or submit it to the dispute review board for review.

The Parties agree that any dispute under this Contract or in connection with this Contract shall be finally settled arbitration organized in accordance with the Rules of Permanent Arbitration at the Serbian Chamber of Commerce in Belgrade. The language to be used in the arbitration proceedings is Serbian, and the applicable law to be applied is the law of the Republic of Serbia. In the event that the Arbitral court does not render a decision within 6 months, the Contracting Parties can agree to bring the dispute before the competent Commercial court in Belgrade.

After the dispute occurs, unless the Contractor agrees to stop work, the Subcontractor shall continue to perform his obligations and responsibilities stipulated in the Contract, otherwise it shall be deemed as a breach of Contract. Unless otherwise stipulated in the Contract, any dispute or disagreement cannot exempt both parties from fulfilling their obligations and responsibilities stipulated in the Contract.

26.2 Amicable settlement

Before submitting for dispute review, arbitration or litigation, and during the dispute review, arbitration or litigation, Contractor and Subcontractor shall work together to settle disputes through friendly negotiation.

26.3 Dispute review

26.3.1 For dispute review, the Contractor and Subcontractor shall negotiate to establish a 3 members dispute review board within 28 days after the dispute occurs. The dispute review board is composed of experts with experience in contract management and engineering practice.

26.3.2 For disputes between the two parties of the Contract, the applicant shall first submit a detailed review application report to the dispute review board with necessary documents, drawings and supporting documents, and submit a copy of the above report to the respondent at the same time.

26.3.3 The respondent shall submit a defence report to the dispute review board with supporting documents within 28 days after receiving the review application report submitted by applicant, and submit a copy of the defence report to the applicant at the same time.

26.3.4 The dispute review board shall invite representatives of both parties and relevant personnel to hold a fact-finding meeting within 14 days after receiving the report from both parties to investigate the details of the dispute; if necessary, the dispute review board may require both parties to provide further supplementary documents.

26.3.5 Within 14 days after the end of the fact-finding meeting, the dispute review board shall conduct an independent and impartial review without any interference, give a written reviewer's comments and explain the reasons.

26.3.6 If accepting the reviewer's comments, the Contractor and Subcontractor shall draw up an implementation agreement based on the reviewer's comments, which shall be signed by both parties in dispute as a supplementary document to the Contract, and shall be complied with.

26.3.7 If the Contractor or Subcontractor does not accept the reviewer's comments and requests to submit the dispute for arbitration or litigation, it shall notify the other party of its intention to arbitrate or prosecute in writing within 14 days after receiving the reviewer's comments.

27. Suspension and termination of contract

27.1 Suspension of contract

27.1.1 Due to policy changes and other reasons, the construction of the Works is suspended or postponed, so that the performance of the Contract cannot be continued. In this case, it shall be deemed as a suspension of Contract. After the suspension of the Contract, the Subcontractor shall properly hand over the completed works, purchased materials and equipment, and demobilize the construction machinery and personnel from the Site as required by the Contractor. The Contractor shall provide the necessary conditions for the Subcontractor to demobilize the Site and pay for the completed works as agreed in the Contract. At the same time, the Subcontractor shall submit all the documents of the completed works to

the Contractor.

If the Contractor believes that the conditions are met to resume construction after evaluation, the Subcontractor shall continue to perform its obligations stipulated in the Contract in accordance with the requirements of the Contractor.

27.2 Termination of Contract

27.2.1 The Contract is terminated in any of the following situations:

(1) The Contractor confirms in writing that the Subcontractor has satisfactorily performed all the obligations and responsibilities of the Subcontractor in accordance with the Contract;

(2) The Contractor terminates the Contract in accordance with the relevant provisions of the Contract;

(3) The Investor abolishes or terminates the Commercial Contract;

(4) Both parties agree to a written decision to terminate the Contract.

27.2.2 The termination of the Contract does not exempt either party from the right to require compensation for damages from the other party (if any) and the right to require the other party to pay liquidated damages or assume other liabilities for breach of Contract in accordance with the law or the Contract.

28. Others

For matters not covered in the Contract, both the Contractor and the Subcontractor can sign Annexes/Appendixes or supplementary agreements, which have the same legal effect as the Contract. The annex/appendix to the Contract is an integral part of the Contract, with same legal effect as the Contract.

Both contractual parties agree that if any third party such as Export-Import Bank/Financier/Investor/General Contractor etc has relevant requirements, the Subcontractor is obliged to sign other contracts based on this Contract as required by Contractor, e.g. a material procurement contract or any work performance contract, etc. No matter how many other contracts are signed, the total amount

Contract appendixes:

Appendix 1. Working Scope with Descriptions (WSD)

Appendix 2. Table of Prices

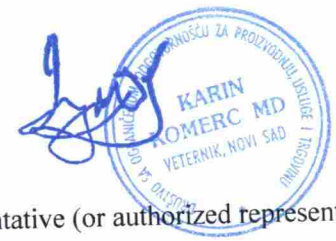
Appendix 3. List of Contractor's Supplies

Appendix 4. Quality Warranty Liability Agreement

Appendix 5. Production Safety Agreement

Contractor:

Subcontractor:



Legal representative (or authorized representative):

Legal representative (or authorized representative):

Signed on: DD/MM/YY

08.08.2022.

Signed on: DD/MM/YY

08.08.2022.

Appendix 1. Working Scope with Descriptions (WSD)

Note: Will be delivered in electronic version.

Appendix 3. List of Contractor's Supplies

Material name	Type
Rail	RAIL TYPE 60E1
	RAIL TYPE 49E1
	TRANSITIONAL RAILS 49E1/60E1
	TRANSITIONAL RAILS 49E1/S45
Railroad switch	- type 60E1-1200-1:18.5
	- type 60E1-760-1:14
	- type 60E1-300-60
	- type 60E1-200-60
	- type 49E1-300-60
	- type 49E1-200-60
	- type 60E1-215-6-diamond crossing
	- type 60E1-215-6°
	- type 60E1-12°
	- double connecting track in Vrbas station, 4 switches of 49E1-300-6° type and crossing, 12°

Remarks: Railroad switches include switch ties and switch rails.

Appendix 4. Quality Warranty Liability Agreement

Quality Warranty Liability Agreement

Contractor: KARIN KOMERC MD DOO VETERNIK

Subcontractor: EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS

According to the Commercial Contract and the Contract of Works, through mutual negotiation, the Contractor and Subcontractor sign a Quality Warranty Liability Agreement for the civil engineering (Km112+982.71 to Km114+100.00) among the Civil and Track Engineering (Lot NS-I) Project on Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia, For Section Novi Sad-Subotica-Border (Kelebia).

I. Scope and contents of Quality Warranty Liability

During the quality warranty period, the Subcontractor shall bear the responsibility for the quality warranty of the Works in accordance with relevant laws, regulations, rules and agreements between the parties. The scope of quality warranty covers civil and track engineering, as well as other matters agreed by both parties. For detailed contents of the warranty, both parties hereto agree as follows:

II. Quality warranty period

The Quality Warranty Liability period is five years as agreed in the Commercial Contract. The quality warranty period is calculated from the date of issuance of the Taking Over Certificate. The Subcontractor and its personnel are responsible for the quality of the Works for its lifetime.

III. Quality warranty responsibility

1. For matters that fall within the scope and content of the warranty, the Subcontractor shall send personnel for repair within 14 days upon receipt of the warranty notice. If the Subcontractor does not send personnel for repair within the agreed time limit, the Contractor may entrust others to repair and the cost will be borne by Subcontractor.

2. In the event of an emergency repair accident, the Subcontractor shall immediately arrive at the Site of accident for emergency repair upon receipt of the accident notice.

3. For quality issues related to structural safety, in accordance with the relevant regulations of Serbia,

the Subcontractor shall immediately report to the Contractor and take safety precautions; the original designing company or a designing company with appropriate qualification shall propose a warranty scheme; finally, the Subcontractor shall perform works.

4. After the quality warranty is completed, the Contractor shall organize the acceptance.

IV. Warranty costs

The warranty costs shall be borne by the party responsible for the quality defects, and the Subcontractor shall be liable for compensation if any loss suffered by the Contractor.

V. Others

Other Quality Warranty Liability matters agreed by both parties:

The Quality Warranty Liability shall be signed by both the Contractor and Subcontractor before the completion acceptance of the Works, as an annex/appendix to the Contract, and be valid until the warranty period expires.

Contractor:

KARIN KOMERC MD VETERNIK, NOVI SAD

Legal representative (or authorized representative):

Signed on: DD/MM/YY

08.08.2022.

Subcontractor:

EXTRA-AUTO TRANS D.O.O. *VRBAS*

Legal representative (or authorized representative):

Signed on: DD/MM/YY

08.08.2022.

Appendix 5. Production Safety Agreement

Construction safety Agreement

In order to create a safe and efficient construction environment, and do a good job in the safety management of the civil engineering (Km112+982.71 to Km114+100.00) among the Civil and Track Engineering (Lot NS-I) Subcontract on Modernization and Reconstruction of Hungarian-Serbian Railway Connection in the Territory of the Republic of Serbia, For Section Novi Sad-Subotica-Border (Kelebia), the **KARIN KOMERC MD DOO VETERNIK** (hereinafter referred to as the Contractor) and **EXTRA - AUTO TRANSPORT DRUŠTVO SA OGRANIČENOM ODGOVORNOŠĆU VRBAS**(hereinafter referred to as the Subcontractor) hereby sign a Construction safety Agreement:

I. Contractor's responsibilities

1. Strictly abide by Serbian laws and regulations on construction safety, and relevant safety requirements in the Commercial Contract and the Contract.

2. Manage construction safety in accordance with the principle of "safety first, prevention crucial, comprehensive management" and the guideline of "equal attention to construction and safety", and plan, arrange, check, summarize and compare the work and safety at the same time.

3. Convene construction safety meetings regularly.

4. Take the lead in coordinating the General Contractor and the Investor to go through the relevant procedures for the construction of the operational railway; convey the management regulations for the construction of the Serbian operational railway to the Subcontractor, and supervise the Subcontractor to strictly implement the management regulations for the construction of the operational railway.

5. Organize the construction safety inspection on the Subcontractor's Site, and supervise the Subcontractor to deal with potential safety hazards discovered promptly.

6. After a safety accident occurs, implement the emergency rescue plan in time for rescue, report the accident in accordance with the relevant regulations of Serbia, and participate in the investigation and handling of the accident.

II. Subcontractor's responsibilities

1. Strictly abide by Serbian laws and regulations on construction safety, technical safety regulations on railway construction, and other relevant construction safety regulations, and earnestly implement the relevant safety requirements in the Subcontract.

2. Based on the principle of "safety first, prevention crucial, comprehensive management" and the guideline of "equal attention to construction and safety", strengthen the publicity and education of construction safety, enhance the awareness of construction safety of all employees, and establish and improve various construction safety management institutions and systems, assign safety inspectors, and organize construction safety activities orderly. Leaders at all levels, engineering and technical personnel, construction management personnel, and operators must be familiar with and abide by the provisions of this article, and plan, arrange, check, summarize and compare the work and safety at the same time.

3. Establish a sound responsibility system for safety in construction. The safety management system must be established towards and observed by all personnel from project manager to construction workers (including temporary workers) in all respects, and the responsibility system for safety in construction must cover all functional departments and personnel. The project manager is the first person responsible for construction safety. The Site shall be provided with time construction safety management personnel who are compatible with the construction scale and enjoyed with engineering titles for supervising and inspecting the on-Site construction safety, urging operators to abide by safety operation regulations and technical standards, stopping and correcting the actions in violations of the technical specifications and regulations on construction safety in time, and promptly reporting the potential safety accidents to the project manager and the construction safety management organization if any.

4. Take reasonable precautions at all times to prevent employees from engaging in any illegal, prohibited, violent, or disorderly behaviour.

5. When construction is close to the operational line or is conducted for operational line, refine the construction scheme, strictly manage the operational line construction scheme, strengthen on-Site monitoring, and ensure the transportation, construction, and personal safety in accordance with the management regulations for the construction of the Serbian operational railway line.

6. Ensure that the construction workers receive safety technology education, be familiar with and abide by various safety operation procedures of the relevant type of work, and pass the safety technology assessments. For special workers such as vertical transport and machinery operators, assembly and disassembly workers, electrical welding (cutting) operators, blasting operators, crane signalman, ascending and erecting workers, and on-water (underwater) workers, they must undergo special safety operation training, and obtain the qualification certificate for special operations before they can work on his post. If there is an unlicensed special operation at the Site, the project manager shall assume management responsibilities.

7. For flammable and explosive materials, in addition to special and proper storage, provide adequate fire-fighting equipment, ensure that all construction personnel are familiar with the performance and use of fire-fighting equipment; do not give, barter or otherwise transfer any kind of explosives to any other person, or allow or tolerate the above behaviour.

8. Establish corresponding data files for all construction machinery and equipment and high-altitude operation equipment, regularly inspect, repair and maintain the equipment, prove that they are always in good condition with a signature of the safety officer; and do not use non-conforming machinery, equipment or labor protection supplies.

9. Before the construction of the project, the technical personnel in charge of the Project shall give detailed introductions to the construction team and operators regarding the technical requirements for safe construction. Operators must abide by the mandatory standards, rules and regulations and operating procedures for safe construction, and properly wear and use safety protective articles, mechanical equipment, etc. for self-protection.

10. Provide safety facilities that are necessary for ensuring safe construction, and are proposed and approved by the supervisor. Set up obvious safety warning signs at dangerous places such as the entrance of the construction Site, construction cranes, temporary electrical facilities, scaffold, bridge entrances, tunnel entrances, and foundation pit edges. Safety warning signs must comply with national standards.

The Site and structure for temporary buildings on the Site shall meet the requirements for safe use, and the prefabricated mobile houses used on the construction Site shall have product certificates.

11. Organize and formulate emergency rescue plans for construction safety accidents during the implementation of the Project in accordance with the characteristics of the Project; in case of a safety accident, report it to relevant departments in a timely manner, adhere to the principle of "Four NOTs", and punish the relevant responsible persons seriously.

III. Liabilities for breach of agreement

If a safety accident occurs due to a breach of agreement by the Contractor or Subcontractor, their liabilities shall be pursued in accordance with the law.

IV. Others

1. The Agreement is prepared in Six (6) copies, Four for the Contractor, and Two for the Subcontractor.

2. The Agreement will take effect upon signature and stamp by the legal representatives or authorized representatives of the Contractor and the Subcontractor, and will be terminated after the completion of overall project.

Contractor:

KARIN KOMERC MD VETERNIK, NOVI SAD

Legal representative (or authorized representative):

Signed on: DD/MM/YY

08.08.2022.

Subcontractor:

EXTRA-AUTO TRANS D.O.O. VRBAS

Legal representative (or authorized representative):

Signed on: DD/MM/YY

08.08.2022.

KOMERCIJALA:	
TEHNIČKI SEKTOR:	
LJUDSKI RESURSI I OPŠTI POSLOVI:	
OPREMA I MEHANIZACIJA:	
FINANSIJE:	
PRAVNI SEKTOR:	
I.T. I MARKETING:	